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DRAFT RED HERRING PROSPECTUS
Dated October 18, 2024
(Please read Section 32 of the Companies Act, 2013)
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

SMPP LIMITED

CORPORATE IDENTITY NUMBER: U32909PB1985PLC006500

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	TELEPHONE AND E-MAIL	WEBSITE
Sunilaya Railway Road, Sangrur 148 001, Punjab, India	SM House, 29, Okhla Industrial Estate, Okhla Phase III, New Delhi 110 020, Delhi, India	Sachin Jain, Company Secretary and Compliance Officer	+91 11 4351 2784 compliance@smgroupindia.com	www.smgroupindia.com

PROMOTERS OF OUR COMPANY: DR. SHIV CHAND KANSAL, DR. MADHU KANSAL AND ASHISH KANSAL

DETAILS OF OFFER TO THE PUBLIC

Type	Fresh Issue size	Offer for Sale size	Total Offer size	Eligibility and Reservation
Fresh Issue and Offer for Sale	[●] Equity Shares of face value of ₹2 each aggregating up to ₹ 5,800 million	[●] Equity Shares of face value of ₹2 each aggregating to ₹ 34,200 million	[●] Equity Shares of face value of ₹2 each aggregating up to ₹ 40,000 million	The Offer is being made pursuant to Regulation 6(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**") as the Company did not fulfill the requirement under Regulation 6(1)(a) of SEBI ICDR Regulations. See "***Other Regulatory and Statutory Disclosures – Eligibility for the Offer***" on page 385. For details in relation to share reservation among Qualified Institutional Buyers ("**QIBs**"), Non-Institutional Investors ("**NIIs**"), Retail Individual Investors ("**RIIs**") and Eligible Employees, see "***Offer Structure***" on page 408.

DETAILS OF THE PROMOTER SELLING SHAREHOLDER, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION

Name of the Promoter Selling Shareholder	Type of Selling Shareholder	Number of Offered Shares/ Amount (₹ in million)	Weighted Average Cost of Acquisition per Equity Share (in ₹)^
Dr. Shiv Chand Kansal	Promoter Selling Shareholder	[●] Equity Shares of face value of ₹ 2 aggregating up to ₹ 34,200 million	Negligible

^As certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18, 2024.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 2 per Equity Share. The Floor Price, the Cap Price and the Offer Price, as determined by our Company, in consultation with the book running lead managers ("**BRLMs**"), on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, in accordance with the SEBI ICDR Regulations, and as stated in "***Basis for Offer Price***" on page 122, should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 32.

COMPANY'S AND PROMOTER SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and csorrect in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. The Promoter Selling Shareholder accepts responsibility for and confirms only the statements expressly made or confirmed by the Promoter Selling Shareholder in this Draft Red Herring Prospectus to the extent of information solely pertaining to itself as the Promoter Selling Shareholder and the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges, being BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE,** and together with the BSE, the "**Stock Exchanges**"). For the purposes of the Offer, the Designated Stock Exchange shall be NSE.

DETAILS OF THE BOOK RUNNING LEAD MANAGERS

NAME AND LOGO		CONTACT PERSON(S)	TELEPHONE AND E-MAIL
AXIS CAPITAL	**Axis Capital Limited**	Jigar Jain	**Tel**: +91 22 4325 2183 **E-mail**: smpp.ipo@axiscap.in
ICICI Securities	**ICICI Securities Limited**	Namrata Ravasia / Ramesh Vaswana	**Tel**: +91 22 6807 7100 **E-mail:** smpp.ipo@icicisecurities.com
IIFL SECURITIES	**IIFL Securities Limited**	Mansi Sampat / Pawan Jain	**Tel**: +91 22 4646 4728 **E-mail:** smpp.ipo@iiflcap.com

JM FINANCIAL	**JM Financial Limited**	Prachee Dhuri	**Tel**: +91 22 6630 3030 **E-mail:** smpp.ipo@jmfl.com
MOTILAL OSWAL INVESTMENT BANKING	**Motilal Oswal Investment Advisors Limited**	Rohan Aerande / Sukant Goel	**Tel**: +91 22 7193 4380 **E-mail:** smpp.ipo@motilaloswal.com

REGISTRAR TO THE OFFER		
NAME OF REGISTRAR	**CONTACT PERSON**	**TELEPHONE AND E-MAIL**
Link Intime India Private Limited	Shanti Gopalkrishnan	**Tel**: +91 81 0811 4949 **E-mail**: smpp.ipo@linkintime.co.in

BID/ OFFER PERIOD					
ANCHOR INVESTOR BIDDING DATE*	**[●]**	**BID/ OFFER OPENS ON***	**[●]**	**BID/ OFFER CLOSES ON**#**	**[●]**

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

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

UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

(1) *Our Company, in consultation with the BRLMs, may consider a further issue of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"). The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.*

DRAFT RED HERRING PROSPECTUS
Dated October 18, 2024
Please read Section 32 of the Companies Act, 2013)
(*This Draft Red Herring Prospectus will be updated upon filing with the RoC)*

SMPP LIMITED

Our Company was originally incorporated at Sangrur, Punjab as "S.M. Pulp Packaging Private Limited", a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated October 18, 1985, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, at Jalandhar, Punjab, India. Pursuant to a resolution passed by the Board of Directors dated December 24, 2011 and a Shareholders' resolution dated January 17, 2012 , the name of our Company was changed to SMPP Private Limited and a fresh certificate of incorporation dated February 1, 2012, was issued by the Registrar of Companies, Punjab and Chandigarh, at Chandigarh, India ("**RoC**"). Upon the conversion of our Company into a public limited company, pursuant to a resolution passed by the Board of Directors dated August 16, 2024, and a Shareholders' resolution dated August 23, 2024, the name of our Company was changed to "SMPP Limited", and a fresh certificate of incorporation dated September 13, 2024 was issued by the Registrar of Companies, Central Processing Centre.

Corporate Identity Number: U32909PB1985PLC006500
Registered Office: Sunilaya Railway Road, Sangrur 148 001, Punjab, India
Corporate Office: SM House, 29, Okhla Industrial Estate, Okhla Phase III, New Delhi 110 020, Delhi, India
Contact Person: Sachin Jain, Company Secretary and Compliance Officer; **Tel**: +91 11 4351 2784; **E-mail**: compliance@smgroupindia.com; **Website**: www.smgroupindia.com

PROMOTERS OF OUR COMPANY: DR. SHIV CHAND KANSAL, DR. MADHU KANSAL AND ASHISH KANSAL

INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") OF SMPP LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SECURITIES PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ 40,000 MILLION (THE "OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 BY OUR COMPANY AGGREGATING UP TO ₹ 5,800 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH AGGREGATING UP TO ₹34,200 MILLION BY DR. SHIV CHAND KANSAL (THE "PROMOTER SELLING SHAREHOLDER").

THE OFFER INCLUDES A RESERVATION OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH, AGGREGATING TO ₹ [●] MILLION (CONSTITUTING UP TO [●]% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY MAY IN CONSULTATION WITH THE BRLMS, OFFER A DISCOUNT OF ₹[●] ON THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").

THE PRICE BAND, EMPLOYEE DISCOUNT, IF ANY AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS, AND WILL BE ADVERTISED IN ALL EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER), AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED PUNJABI DAILY NEWSPAPER, PUNJABI BEING THE REGIONAL LANGUAGE OF PUNJAB WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE STOCK EXCHANGES FOR UPLOADING ON THEIR RESPECTIVE WEBSITES, IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

OUR COMPANY, IN CONSULTATION WITH THE BRLMS, MAY CONSIDER A FURTHER ISSUE OF SPECIFIED SECURITIES TO CERTAIN INVESTORS FOR AN AMOUNT AGGREGATING UP TO ₹ 1,160 MILLION, AS PERMITTED UNDER APPLICABLE LAWS ON OR PRIOR TO THE DATE OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMS. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE AMOUNT RAISED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(B) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED ("SCRR"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, SHALL NOT EXCEED 20% OF THE SIZE OF THE FRESH ISSUE. PRIOR TO THE COMPLETION OF THE OFFER, OUR COMPANY SHALL APPROPRIATELY INTIMATE THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT, PRIOR TO ALLOTMENT PURSUANT TO THE PRE-IPO PLACEMENT, THAT THERE IS NO GUARANTEE THAT OUR COMPANY MAY PROCEED WITH THE OFFER OR THE OFFER MAY BE SUCCESSFUL AND WILL RESULT INTO LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES. FURTHER, RELEVANT DISCLOSURES IN RELATION TO SUCH INTIMATION TO THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT (IF UNDERTAKEN) SHALL BE APPROPRIATELY MADE IN THE RELEVANT SECTIONS OF THE RHP AND PROSPECTUS.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of one Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the websites of the BRLMs and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank(s), as applicable.

The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein in terms of Regulation 32(2) of the SEBI ICDR Regulations, not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", and such portion, 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 in accordance with the SEBI ICDR Regulations, of which at least one-third shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from 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 Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds and the remainder of the Net 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 Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB 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 more than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-third of such portion shall be reserved for applicants with application size of more than ₹1,000,000 provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not more than 10% of the Net Offer shall be available for allocation to RIIs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids being received from them at or above the Offer Price (net of Employee Discount, if any, as applicable). All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank accounts (including UPI ID for UPI Bidders using UPI Mechanism) (as defined hereinafter) in which the Bid Amount will be blocked by the SCSBs or the Sponsor Bank(s), as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion of the Offer through the ASBA process. See "***Offer Procedure***" on page 413.

RISKS IN RELATION TO FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 2. The Floor Price, the Cap Price and the Offer Price, as determined by our Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, in accordance with the SEBI ICDR Regulations and as stated in "***Basis for Offer Price***" on page 122, should not be considered to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 32.

COMPANY'S AND PROMOTER SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. The Promoter Selling Shareholder accepts responsibility for and confirms only the statements expressly made or confirmed by the Promoter Selling Shareholder in this Draft Red Herring Prospectus to the extent of information solely pertaining to itself as the Promoter Selling Shareholder and the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, NSE shall be the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) and Section 32 of the Companies Act, 2013. See "***Material Contracts and Documents for Inspection***" on page 471.

BOOK RUNNING LEAD MANAGERS					REGISTRAR TO THE OFFER
Axis Capital Limited 1st Floor, Axis House P.B. Marg, Worli Mumbai 400 025, Maharashtra, India **Telephone**: +91 22 4325 2183 **Email**: smpp.ipo@axiscap.in **Investor grievance email**: complaints@axiscap.in **Website**: www.axiscapital.co.in **Contact Person**: Jigar Jain **SEBI Registration No.**: INM000012029	**ICICI Securities Limited** ICICI Venture House Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India **Telephone**: +91 22 6807 7100 **Email**: smpp.ipo@icicisecurities.com **Investor grievance email**: customercare@icicisecurities.com **Website**: www.icicisecurities.com **Contact Person**: Namrata Ravasia / Ramesh Vaswana **SEBI Registration No.**: INM000011179	**IIFL Securities Limited** 24th Floor, One Lodha Place Senapati Bapat Marg, Lower Parel (W) Mumbai 400 013 Maharashtra, India **Telephone**: +91 22 4646 4728 **E-mail**: smpp.ipo@iiflcap.com **Investor grievance email**: ig.ib@iiflcap.com **Website**: www.iiflcap.com **Contact person**: Mansi Sampat / Pawan Jain **SEBI registration no.**: INM000010940	**JM Financial Limited** 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India **Telephone**: +91 22 6630 3030 **E-mail**: smpp.ipo@jmfl.com **Investor grievance email**: grievance.ibd@jmfl.com **Website**: www.jmfl.com **Contact person**: Prachee Dhuri **SEBI registration no.**: INM000010361	**Motilal Oswal Investment Advisors Limited** Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot Prabhadevi, Mumbai 400 025 Maharashtra, India **Tel**: +91 22 7193 4380 **E-mail**: smpp.ipo@motilaloswal.com **Investor grievance E-mail**: moiaplredressal@motilaloswal.com **Website**: www.motilaloswalgroup.com **Contact Person**: Rohan Aerande / Sukant Goel **SEBI Registration No.**: INM000011005	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel**: +91 810 811 4949 **E-mail**: smpp.ipo@linkintime.co.in **Investor grievance e-mail**: smpp.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Shanti Gopalkrishnan **SEBI Registration No.**: INR000004058

BID/ OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE*	[●]	**BID/ OFFER OPENS ON***	[●]	**BID/ OFFER CLOSES ON**#**	[●]

* *Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.*
** *Our Company may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.*
# *UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.*

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TABLE OF CONTENTS

SECTION I – GENERAL 1

DEFINITIONS AND ABBREVIATIONS 1
CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION 15
FORWARD-LOOKING STATEMENTS 18
SUMMARY OF THE DRAFT OFFER DOCUMENT 20

SECTION II - RISK FACTORS 32

SECTION III – INTRODUCTION 71

THE OFFER 71
SUMMARY FINANCIAL INFORMATION 73
GENERAL INFORMATION 78
CAPITAL STRUCTURE 88
OBJECTS OF THE OFFER 102
BASIS FOR OFFER PRICE 122
STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS 133

SECTION IV – ABOUT OUR COMPANY 137

INDUSTRY OVERVIEW 137
OUR BUSINESS 211
KEY REGULATIONS AND POLICIES IN INDIA 242
HISTORY AND CERTAIN CORPORATE MATTERS 247
OUR MANAGEMENT 252
OUR PROMOTERS AND PROMOTER GROUP 270
DIVIDEND POLICY 274

SECTION V – FINANCIAL INFORMATION 275

RESTATED CONSOLIDATED FINANCIAL INFORMATION 275
OTHER FINANCIAL INFORMATION 338
CAPITALISATION STATEMENT 342
FINANCIAL INDEBTEDNESS 343
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 346

SECTION VI – LEGAL AND OTHER INFORMATION 373

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS 373
GOVERNMENT AND OTHER APPROVALS 378
OUR GROUP COMPANIES 383
OTHER REGULATORY AND STATUTORY DISCLOSURES 385

SECTION VII – OFFER INFORMATION 402

TERMS OF THE OFFER 402
OFFER STRUCTURE 408
OFFER PROCEDURE 413
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES 434

SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION 436

SECTION IX – OTHER INFORMATION 471

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION 471
DECLARATION 474

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies or unless otherwise specified, the following terms and abbreviations have the following meanings in this Draft Red Herring Prospectus, and references to any statutes, legislations, rules, guidelines, regulations, circulars, notifications, clarifications, directions, or policies shall include any amendments, clarifications, modifications, replacements or re-enactments thereto, from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

*Unless the context otherwise indicates, all references to "***the Company***", and "***our Company***", are references to SMPP Limited, a public limited company incorporated in India under the Companies Act, 1956 with its Registered Office at Sunilaya Railway Road, Sangrur 148 001, Punjab, India. Furthermore, unless the context otherwise indicates, all references to the terms "***we***", "***us***" and "***our***" are to our Company and the Subsidiary.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder, as applicable. Notwithstanding the foregoing, the terms used in "***Basis for Offer Price***", "***Statement of Possible Special Tax Benefits available to our Company and its shareholders***", "***Our Business***", "***Industry Overview***", "***Key Regulations and Policies in India***", "***Restated Consolidated Financial Information***", "***Outstanding Litigation and Material Developments***", "***Government and Other Approvals***", "***Restrictions on Foreign Ownership of Indian Securities***" and "***Description of Equity Shares and Terms of the Articles of Association***" on pages 122, 133, 211, 137, 242, 275, 373, 378, 434 and 436, respectively, shall have the meanings ascribed to such terms in the relevant sections.*

Company Related Terms

Term	Description
Ammunition Project	Planned Ammunition Manufacturing Facility
Articles or Articles of Association or AoA	The articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Board, as described in "***Our Management – Committees of the Board – Audit Committee***" on page 259.
Auditors or Joint Statutory Auditors	The current joint statutory auditors of our Company, namely, S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP.
Board or Board of Directors	The board of directors of our Company, as described in "***Our Management – Board of Directors***" on page 252.
Chief Executive Officer or CEO	The chief executive officer of our Company, namely Ashish Kansal. See, "***Our Management***" on page 252.
Chief Financial Officer or CFO	The chief financial officer of our Company, namely Padam Chand Jain. See, "***Our Management***" on page 252.
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely, Sachin Jain. See "***Our Management***" on page 252.
Corporate Office	The corporate office of our Company situated at SM House, 29, Okhla Industrial Estate, Okhla Phase III, New Delhi 110 020, Delhi, India.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board, as described in "***Our Management – Committees of the Board – Corporate Social Responsibility Committee***" on page 265.
Director(s)	The director(s) on our Board. See "***Our Management***" on page 151.
Equity Shares	The equity shares of our Company of face value of ₹ 2 each.
ESOP 2024	SMPP Employee Stock Option Plan 2024
Group Company (ies)	Our group companies, being Innovative Techtex Private Limited Macario Technologies Private Limited and Wiseman Systems Private Limited as disclosed in "***Our Group Companies***" on page 383.
Key Managerial Personnel/ KMP	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as disclosed in "***Our Management – Key Managerial Personnel and Senior Management – Key Managerial Personnel***" on page 267.
1Lattice	Lattice Technologies Private Limited (erstwhile PGA Labs)
1Lattice Report	Industry report titled "*Defence Industry Report*" dated October 18, 2024 prepared by

Term	Description
	1Lattice, appointed by our Company on October 17, 2024, exclusively commissioned by and paid for in connection with the Offer and is available on the website of our Company at www.smgroupindia.com/investors/industryreport.
Managing Director	The managing director of our Company, namely, Dr. Shiv Chand Kansal. See "***Our Management***" on page 252.
Materiality Policy	The policy adopted by our Board on October 13, 2024 for identification of companies, considered material by our Company, for the purposes of disclosure as Group Companies, material outstanding litigation and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations.
Memorandum of Association/ MoA	The memorandum of association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in "***Our Management – Committees of the Board – Nomination and Remuneration Committee***" on page 262.
Non-Executive Independent Director	The non-executive independent director(s) on our Board, namely, Dr. Ajay Kumar, Mahima Gupta and Dr. Manoj Gupta. See "***Our Management***" on page 252.
Palwal Manufacturing Facility	Our manufacturing facility located at Village Agwanpur, Palwal 121 102, Haryana.
Planned Ammunition Manufacturing Facility	The planned manufacturing facility of our Subsidiary, SMPP Ammunition Private Limited, located at Plot no. 01, Industrial Area, Lakhanpur, Tehsil Nalagarh, Distt. Solan (Himachal Pradesh), India
Promoter Group	The individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. See, "***Our Promoters and Promoter Group***" on page 270.
Promoter Selling Shareholder	Dr. Shiv Chand Kansal.
Promoters	The promoters of our Company, namely, Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal. See, "***Our Promoters and Promoter Group***" on page 270.
RDM	Rheinmetall Denel Munition RF (Proprietary) Limited
Registered Office	The registered office of our Company situated at Sunilaya Railway Road, Sangrur 148 001, Punjab, India
Registrar of Companies or RoC	Registrar of Companies, Punjab and Chandigarh at Chandigarh.
Restated Consolidated Financial Information	Restated Consolidated Financial Information of our Company and its Subsidiary (the Company and its Subsidiary together referred to as the Group) comprising the restated consolidated statement of assets and liabilities as at June 30, 2024, June 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity, the restated consolidated statement of cash flows for the periods beginning April 1, 2024 to June 30, 2024 and April 1, 2023 to June 30, 2023 and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, the summary statement of material accounting policies, and other explanatory information, as approved by our Board.
Risk Management Committee	The risk management committee of our Board as described in "***Our Management - Committees of the Board – Risk Management Committee***" on page 264.
RWMSA	Rheinmetall Waffe Munitions South Africa (Pty) Ltd., South Africa
Senior Management	The senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "***Our Management – Key Managerial Personnel and Senior Management – Senior Management***" on page 267.
Shareholder(s)	The equity shareholders of our Company from time to time.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board as described in "***Our Management– Committees of the Board – Stakeholders' Relationship Committee***" on page 263.
Subsidiary or SMPP Ammunition	The subsidiary of our Company as on the date of this Draft Red Herring Prospectus, namely SMPP Ammunition Private Limited, as described under "***History and Certain Corporate Matters – Our Subsidiary***" on page 250.
Whole-time Directors	The Whole-time Directors of our Company, namely, Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal. See "***Our Management***" on page 252.

Offer Related Terms

Term	Description
Abridged Prospectus	A memorandum containing such salient features of the prospectus as may be specified by SEBI in this regard.
Acknowledgement Slip	The slip or document issued by the respective Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form.

Term	Description
Allot or Allotment or Allotted	Unless the context otherwise requires, allotment or transfer, as the case may be, of Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares by the Promoter Selling Shareholder pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has Bid in the Offer or is to be Allotted the Equity Shares after the approval of the Basis of Allotment by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors according to the terms of the Red Herring Prospectus, which will be decided by our Company in consultation with the BRLMs during the Anchor Investor Bid/Offer Period.
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus under the SEBI ICDR Regulations.
Anchor Investor Bid/ Offer Period or Anchor Investor Bidding Date	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the Book Running Lead Managers will not accept any Bids from Anchor Investors and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs.
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than one Working Day after the Bid/ Offer Closing Date.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLMs, to Anchor Investors and the basis of such allocation will be on a discretionary basis by our Company, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100 million.
ASBA or Application Supported by Blocked Amount	An application, whether physical or electronic, used by ASBA Bidders, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by the UPI Bidders using the UPI.
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form which may be blocked by such SCSB or the account maintained by a UPI Bidder linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders, to the extent of the Bid Amount of the ASBA Bidders.
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidder(s)	Any Bidder (other than an Anchor Investor).
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Axis Capital	Axis Capital Limited
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), the Refund Bank(s), the Public Offer Account Bank(s) and the Sponsor Bank(s), as the case may be.
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Offer, described in "***Offer Procedure***" on page 413.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form, and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable. In the case of RIIs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIIs and mentioned in the Bid cum Application Form. However, Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-off Price and the Bid Amount shall be Cap Price net of Employee Discount, if any, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form.

Term	Description
	The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount, if any). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount, if any). Only in the event of an undersubscription in the Employee Reservation Portion post initial allocation, such unsubscribed portion may be allocated on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount, if any) subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any).
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	[●] Equity Shares of face value of ₹2 each.
Bid(s)	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab where our Registered Office is located) and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Bank(s), as required under the SEBI ICDR Regulations. Our Company in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab where our Registered Office is located) and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Bank(s), as required under the SEBI ICDR Regulations.
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and in accordance with the terms of the Red Herring Prospectus. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Company in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.
Bidder or Applicant	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, *i.e.*, Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer, being Axis Capital, I-Sec, IIFL, JM Financial and Motilal Oswal.
Broker Centres	Broker centres of the Registered Brokers where ASBA Bidders can submit the ASBA Forms (in case of UPI Bidders only ASBA Forms under the UPI Mechanism) to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, and updated from time to time

Term	Description
CAN or Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, subject to any revisions thereto, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted. The Cap Price shall not be more than 120% of the Floor Price, provided that the Cap Price shall be at least 105% of the Floor Price.
Cash Escrow and Sponsor Bank Agreement	The agreement to be entered into amongst our Company, the Promoter Selling Shareholder, the Syndicate Members, the Registrar to the Offer, the BRLMs and the Banker(s) to the Offer for, among other things, appointment of the Escrow Collection Bank, the Public Offer Account Bank(s), the Refund Bank(s) and Sponsor Bank(s), collection of the Bid Amounts from the Anchor Investors, transfer of funds to the Public Offer Account, and where applicable, remitting refunds, if any, to such Bidders, on the terms and conditions thereof.
CDP or Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and other applicable circulars issued by SEBI as per the lists available on the websites of the Stock Exchanges.
Client ID	Client identification number maintained with one of the Depositories in relation to the dematerialised account.
Cut-Off Price	Offer Price, which shall be any price within the Price Band, finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investor) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Cut-Off Time	For all pending UPI Mandate Requests, the Sponsor Bank(s) shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5.00 p.m. on the Bid/Offer Closing Date
Demographic Details	The details of the Bidders including the Bidder’s address, name of the Bidder’s father/ husband, investor status, occupation, bank account details, PAN and UPI ID, as applicable.
Designated CDP Locations	Such centres of the Collecting Depository Participants where ASBA Bidders can submit the ASBA Forms (in case of UPI Bidders only ASBA Forms under the UPI Mechanism). The details of such Designated CDP Locations, along with the names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time.
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Accounts to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of UPI Bidders using the UPI Mechanism, instruction issued through the Sponsor Bank(s)) for the transfer of the relevant amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account and/ or are unblocked, as the case may be, in terms of the Red Herring Prospectus and the Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted to successful Bidders in the Offer.
Designated Intermediary(ies)	Collectively, the members of the Syndicate, sub-Syndicate or agents, SCSBs (other than in relation to UPI Bidders using the UPI Mechanism), Registered Brokers, CDPs and RTAs, who are authorised to collect. Bid cum Application Forms from the relevant Bidders, in relation to the Offer. In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidders using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs (excluding Anchor Investors) and NIBs (not using UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.
Designated RTA Locations	Such centres of the RTAs where ASBA Bidders can submit the ASBA Forms (in case of UPI Bidders, only ASBA Forms under the UPI Mechanism) to RTAs. The details of such Designated RTA Locations, along with the names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders,

Term	Description
	a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated October 18, 2024 filed with SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer and includes any addenda or corrigenda thereto.
Eligible Employees	Permanent employees of our Company and Subsidiary (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC and who continue to be a permanent employee of our Company until the submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form; or Director of our Company, whether a Whole-time Director or otherwise, who is eligible to apply under the Employee Reservation Portion under applicable law as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director of our Company and Subsidiary until submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form, but not including (i) Promoters; (ii) persons belonging to the Promoter Group; and (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount, if any). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). Only in the event of an undersubscription in the Employee Reservation Portion post initial allocation, such unsubscribed portion may be allocated on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount, if any) subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any).
Eligible FPI(s)	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible NRI(s)	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus and the Bid Cum Application Form will constitute an invitation to subscribe to, or purchase, the Equity Shares.
Employee Reservation Portion	The portion of the Offer being [●] Equity Shares of face value of ₹2 each aggregating up to ₹ [●] million which shall not exceed 5% of the post Offer Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount while submitting a Bid.
Escrow Collection Bank(s)	A bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account(s) will be opened, in this case being [●].
First Bidder or Sole Bidder	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, not being less than the face value of the Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	The issue of [●] Equity Shares of face value of ₹2 each, at ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 5,800 million by our Company. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is

Term	Description
	completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.
General Information Document	The general information document for investing in public issues, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 notified by SEBI and the UPI Circulars and any subsequent circulars or notifications issued by SEBI, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.
Gross Proceeds	The gross proceeds of the Fresh Issue that will be available to our Company.
I-Sec	ICICI Securities Limited.
IIFL	IIFL Securities Limited.
JM Financial	JM Financial Limited.
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement to be entered into between our Company and the Monitoring Agency prior to filing of the Red Herring Prospectus.
Motilal Oswal	Motilal Oswal Investment Advisors Limited.
Mutual Fund Portion	The portion of the Offer being 5% of the Net QIB Portion consisting of [●] Equity Shares of face value of ₹2 each, which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion.
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "***Objects of the Offer***" on page 102.
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors.
Non-Institutional Bidder(s) or Non-Institutional Investor(s) or NII(s) or NIB(s)	Bidders that are not QIBs or RIIs and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Offer being not more than 15% of the Net Offer consisting of [●] Equity Shares of face value of ₹2 each, which shall be available for allocation to Non-Institutional Bidders, of which (a) one-third portion shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000, and (b) two-thirds portion shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
Non-Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs.
Offer	Initial public offering of [●] Equity Shares of face value of ₹2 each, for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 40,000 million comprising the Fresh Issue and the Offer for Sale. The Offer comprises the Net Offer and Employee Reservation Portion. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges.

Term	Description
	Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
Offer Agreement	The agreement dated October [●], 2024, entered into among our Company, the Promoter Selling Shareholder and the BRLMs, based on which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to [●] Equity Shares of face value of ₹2 each, aggregating to ₹ 34,200 million by the Promoter Selling Shareholder in the Offer. See "***The Offer***" on page 71.
Offer Price	The final price at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company in consultation with the BRLMs, on the Pricing Date, in terms of the Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. A discount of [●] % on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees Bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company in consultation with the BRLMs.
Offered Shares	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 34,200 million being offered for sale by the Promoter Selling Shareholder in the Offer.
Pre-IPO Placement	Our Company, in consultation with the BRLMs, may consider a further issue of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"). The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
Price Band	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot, as decided by our Company in consultation with the BRLMs will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. Provided that the Cap Price shall be at least 105% of the Floor Price and shall not be greater than 120% of the Floor Price.
Pricing Date	The date on which our Company in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account(s)	The bank account(s) to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date.
Public Offer Account Bank(s)	The bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations, with whom the Public Offer Account will be opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●].
QIB Bidders	QIBs who Bid in the Offer.
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Net Offer consisting of [●] Equity Shares of face value of ₹2 each, available for

Term	Description
	allocation to QIBs (including Anchor Investors) on a proportionate basis (in which allocation to Anchor Investors shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs up to a limit of 60% of the QIB Portion), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).
QIBs or Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto.
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
Refund Bank(s)	The bank which is a clearing member registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account will be opened, in this case being [●].
Registrar and Share Transfer Agents/ RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 issued by SEBI as per the list available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time and the UPI Circulars.
Registered Brokers	Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular (CIR/CFD/14/2012) dated October 4, 2012 and the UPI Circulars, issued by SEBI.
Registrar Agreement	The agreement dated October 17, 2024 entered into between our Company, the Promoter Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar to the Offer or Registrar	Link Intime India Private Limited.
Resident Indian	A person resident in India, as defined under FEMA.
Retail Individual Bidder(s) or Retail Individual Investor(s) or RII(s) or RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs).
Retail Portion	The portion of the Offer being not more than 10% of the Net Offer consisting of [●] Equity Shares of face value of ₹2 each, available for allocation to Retail Individual Investors as per the SEBI ICDR Regulations, which allocation shall not be less than the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.
RTAs or Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI and the UPI Circulars.
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (i) the banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, or such other website as updated from time to time In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members

Term	Description
	of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is appearing in the "list of mobile applications for using UPI in public issues" displayed on SEBI website at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43. The said list shall be updated on the SEBI website.
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement, in this case being [●].
Share Escrow Agreement	The agreement to be entered into among the Promoter Selling Shareholder, our Company and the Share Escrow Agent in connection with the transfer of the Offered Shares and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding Centres where the Syndicate shall accept Bid cum Application Forms, a list of which will be included in the Bid cum Application Form.
Sponsor Bank (s)	The Banker(s) to the Offer registered with SEBI, which have been appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request by a UPI Bidder in accordance with the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars, in this case being [●] and [●].
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement to be entered into among the members of the Syndicate, our Company, the Promoter Selling Shareholder and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate.
Syndicate Members	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter, in this case being [●].
Syndicate or Members of the Syndicate	Together, the BRLMs and the Syndicate Members.
Underwriters	[●].
Underwriting Agreement	The agreement to be entered into among our Company, the Promoter Selling Shareholder and the Underwriters, on or after the Pricing Date but before filing of the Prospectus.
UPI	Unified Payments Interface, which is an instant payment mechanism, developed by NPCI.
UPI Bidders	Collectively, individual investors who applied as (i) Retail Individual Investors in the Retail Portion, (ii) Non-Institutional Bidders with an application size of up to ₹500,000 in the Non-Institutional Portion, (iii) Eligible Employees who applied in the Employee Reservation Portion and with an application size of up to ₹ 500,000 (net of Employee Discount, if any). Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual investors applying in public issues where the application amount is up to ₹ 500,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity).
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no.

Term	Description
	SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 along with the circular issued by the NSE having reference no. 25/2022 dated August 3, 2022 and the notice issued by BSE having reference no. 20220803-40 dated August 3, 2022 (to the extent these circulars are not rescinded by the SEBI RTA Master Circular), SEBI RTA Master Circular (to the extent applicable) and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India.
UPI Mandate Request	A request (intimating the UPI Bidder by way of a notification on the UPI application and by way of a SMS directing the UPI Bidder to such UPI application) to the UPI Bidder initiated by the Sponsor Bank(s) to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The bidding mechanism that shall be used by UPI Bidders to make a Bid in the Offer in accordance with the UPI Circulars.
UPI PIN	Password to authenticate UPI transaction.
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai, Maharashtra are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression “Working Day” shall mean all days on which commercial banks in Mumbai, Maharashtra are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression ‘Working Day’ shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the circulars issued by SEBI.

Technical/ Industry and Business-Related Abbreviations

Term	Description
API	Armor Piercing Incendiary
BMCS	Bi-Modular Charge System
BIS	Bureau of Indian Standards
B4C	Boron Carbide
Cash Conversion Cycle (Days)	Cash conversion cycle is calculated as inventory days plus trade receivable days minus Trade payable days. Inventory days are calculated as Inventory divided by Revenue from Operations multiplied by 365 days. Trade receivable days are calculated as Trade receivables divided by Revenue from operations multiplied by 365 days. Trade payable days are calculated as Trade payable divided by Revenue from operations multiplied by 365 days.
DRDO	Defence Research and Development Organisation
EBITDA	EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses.
EBITDA Margin	EBITDA Margin (%) is the percentage of EBITDA divided by Revenue from operations.
HE	High Explosive
HPPE	High Performance Polyethylene
LAP	Loading, Assembly and Packing
LCH	Light combat helicopter
LUH	Light utility helicopter
NC	Nitrocellulose
Net Debt	Net Debt – is calculated as Total Debt minus cash and cash equivalents, bank balances other than cash and cash equivalents
Net Debt to EBITDA	Net Debt to EBITDA ratio is calculated as Net Debt divided by EBITDA. Total Debt is computed as Non-Current Borrowings plus Current Borrowings. Total Debt minus cash and cash equivalents, bank balances other than cash and cash equivalents (including bank balances in margin money).
Net Fixed Assets Turnover Ratio	Net Fixed Assets Turnover Ratio is calculated as revenue from operations for the year/period divided by net cost of property, plant, and equipment.

Term	Description
NG	Nitroguinadine
NIJ	National Institute of Justice
PAT	Profit after tax for the year ("PAT") as appearing in the Restated Consolidated Financial Information
PAT Margin	PAT Margin (%) is calculated as Profit after tax for the year/period as a % of Revenue from operations.
Revenue Growth	Revenue Growth (%) is calculated as a percentage of Revenue from Operations of the relevant year/period minus Revenue from Operations of the preceding year/period, divided by Revenue from Operations of the preceding year/period
Return on Capital Employed	Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total asset minus total current liabilities. EBIT is calculated as restated profit for the year/ period plus total tax expense and finance cost.
Return on Equity	Return on Equity is calculated as a percentage of restated profit for the year/ period divided by total equity
Revenue from Operations	Revenue from Operations means the revenue from operations for the year/period
SiC	Silicon Carbide
UHMWPE	Ultra-High Molecular Weight Polyethylene
WWR	War Wastage Reserve

Conventional and General Terms or Abbreviations

Term	Description
₹ or Rs. or Rupees or INR	Indian rupees
AGM	Annual General Meeting.
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
BSE	BSE Limited.
CAGR	Compound annual growth rate
Category I AIF	AIFs registered as "Category I alternative investment funds" under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Category I FPI	FPIs registered as "Category I foreign portfolio investors" under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
Category II AIF	AIFs registered as "Category II alternative investment funds" under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Category II FPI	FPIs registered as "Category II foreign portfolio investors" under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
Companies Act	The Companies Act, 1956 and the Companies Act, 2013, as applicable.
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended.
CBS	Core Banking System.
CSR	Corporate Social Responsibility.
R&D	Research and Development.
DDT	Dividend distribution tax.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, read with regulations framed thereunder.
DIN	Director Identification Number.
DP ID	Depository Participant's Identity Number.
DP or Depository Participant	A depository participant as defined under the Depositories Act.
DPIIT	The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
Factories Act	Factories Act, 1948
FCNR	Foreign currency non-resident account.
FDI	Foreign Direct Investment.
FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations

Term	Description
	thereunder.
FEMA Non-Debt Instruments Rules or FEMA Non-Debt Rules or FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019 issued by the Ministry of Finance, GoI.
Financial Year or Fiscal or Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
GoI or Government or Central Government	The Government of India.
GST	Goods and services tax.
HUF	Hindu undivided family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
Income Tax Act	The Income-tax Act, 1961, read with the rules framed thereunder.
Income Tax Rules	The Income-tax Rules, 1962.
Ind AS	The Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standard) Rules, 2015, as amended.
India	Republic of India.
Indian GAAP	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended and the Companies (Accounts) Rules, 2014, as amended.
IPO	Initial public offering.
IST	Indian Standard Time.
IT Act	The Information Technology Act, 2000
MCA	The Ministry of Corporate Affairs, Government of India.
Mn or mn	Million.
NA	Not applicable.
NACH	National Automated Clearing House.
NAV	Net asset value
NBFC-SI	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
NEFT	National Electronic Fund Transfer.
NPCI	National Payments Corporation of India.
NRE Account	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
NRI	Non-Resident Indian as defined under the FEMA Non-Debt Instruments Rules.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
NRO Account	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
P/E Ratio	Price / earnings ratio.
PAN	Permanent account number.
PAT	Profit after tax.
RBI	Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act.
RTGS	Real time gross settlement.
Rule 144A	Rule 144A under the U.S. Securities Act.
SCORES	SEBI complaints redress system.
SCRA	The Securities Contracts (Regulation) Act, 1956.
SCRR	The Securities Contracts (Regulation) Rules, 1957.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI (Merchant Bankers) Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
SEBI Act	The Securities and Exchange Board of India Act, 1992.

Term	Description
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI BTI Regulations	The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994.
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Master Circular	SEBI master circular bearing reference number SEBI/HO/CFD/PoD2/P/CIR/2023/00094 dated June 21, 2023.
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI RTA Master Circular	SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024, to the extent it pertains to UPI.
SEBI SBEB & SE Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
SEBI VCF Regulations	Erstwhile, the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
State Government	The government of a state in India.
Stock Exchanges	Collectively, the BSE and NSE.
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number.
U.S.	The United States of America
U.S. Dollar(s) or USD or US Dollar	United States Dollar
U.S. GAAP	Generally accepted accounting principles in the United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations and the SEBI AIF Regulations.
Year/ Calendar Year	The 12-month period ending December 31.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain conventions

All references in this Draft Red Herring Prospectus to 'India' are to the Republic of India and its territories and possessions and unless otherwise specified, all references herein to the 'Government', 'Indian Government', 'GoI', 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Unless otherwise stated, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

Currency and units of presentation

All references to *"Rupee(s)", "Rs."* or *"₹"* or *"INR"* are to Indian Rupees, the official currency of the Republic of India. All references to *"U.S. Dollar(s)"* or *"USD"* or *"US Dollar"* are to United States Dollars, the official currency of the United States of America.

Exchange rates

This Draft Red Herring Prospectus contains conversion of U.S. Dollar, Euro and CYN into Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be considered as a representation that such U.S. Dollar, Euro and Chinese Yuan ("**CNY**") amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated below or at all. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of U.S. Dollar, Euro and CNY amounts into Rupee amounts, are as follows:

(*in ₹*)

Currency	Exchange rate as on				
	June 30, 2024	**June 30, 2023**	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
1 USD	83.35	82.06	83.34	82.11	75.90
1 EURO	89.23	89.59	90.10	89.27	84.21
1 CNY	11.46	11.31	11.54	11.95	11.96

https://www.x-rates.com/graph/?from=USD&to=INR&amount=1

Financial and other data

Unless stated or the context requires otherwise, the financial information and the financial ratios in this Draft Red Herring Prospectus are derived from our Restated Consolidated Financial Information.

The Restated Consolidated Financial Information of our Company and its Subsidiary (the Company and its Subsidiary together referred to as the Group) comprise the restated consolidated statement of assets and liabilities as at June 30, 2024, June 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity, the restated consolidated statement of cash flows for the period beginning April 1, 2024 to June 30, 2024 and for the period beginning from April 1, 2023 to June 30, 2023 and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, the summary statement of material accounting policies, and other explanatory information (collectively, the "**Restated Consolidated Financial Information**"), as approved by our Board.

See "***Financial Information***" on page 275.

Our fiscal year ("**Fiscal**", "**Fiscal Year**", or "**Financial Year**") commences on April 1 of each year and ends on March 31 of the immediately subsequent year. Accordingly, all references to a particular Fiscal, Fiscal Year or Financial Year are to the 12 months ended March 31 of that particular year, unless otherwise specified.

There are significant differences between Ind AS, the International Financial Reporting Standards issued by the International Accounting Standard Board (the "**IFRS**") and the Generally Accepted Accounting Principles in the United States of America (the "**U.S. GAAP**"). Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. See, "***Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***" on page 65.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances: (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources, including the 1Lattice Report, are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Unless the context otherwise indicates, any percentage amounts, as set forth in "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 32, 211 and 346, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Consolidated Financial Information.

Non-generally accepted accounting principles ("**Non-GAAP**") **financial measures**

Certain Non-GAAP financial measures, and certain other statistical information relating to our operations and financial performance, such as EBITDA, EBITDA Margin (%), PAT Margin (%), Net Debt, Net Debt to EBITDA (in times), Return on Equity (%), Cash Conversion Cycle (in days), Capital employed, Return on Capital employed (%), Net fixed assets turnover ratio (in times), Net Asset Value per equity share ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with Ind AS, IFRS or U.S. GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, the Non-GAAP Measures as used by the Company and their definition as set out herein, are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us because they are widely used measures to evaluate a company's operating performance. See, "***Risk Factors – Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***" on page 57.

Industry and market data

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Accordingly, no investment decision should be made solely on the basis of such information. Further, industry sources and publications are also prepared based on information as of a specific date and may no longer be current or reflect current trends.

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus is derived from the report titled, *"Defence Industry Report"* dated October 18, 2024 ("**1Lattice Report**") prepared by appointed by our Company pursuant to an engagement letter dated August 8, 2024, and such 1Lattice Report has been commissioned by and paid for by our Company, exclusively in connection with the Offer. Further, 1Lattice pursuant to their consent letter dated October 18, 2024 has accorded its no objection and consent to use the 1Lattice Report in connection with the Offer and has also confirmed that it is an independent agency, and that it is not related to Book Running Lead Managers, our Company, our Directors, our Promoters, our Subsidiary, our Key Managerial Personnel or our Senior Management.

The 1Lattice Report is subject to the following disclaimer:

"*The report has been prepared as a general summary of matters on the basis of our interpretation of the publicly available information, our experiences and the information provided to us, and should not be treated as a substitute for a specific business advice concerning individual matters, situations or concerns. Procedures we have performed do not constitute an audit of the Company's historical financial statements nor do they constitute an examination of prospective financial statements. Accordingly, we express no opinion, warranty, representation or any other form of assurance on the historical or prospective financial statements, management representations, or other data of the Company included in or underlying the accompanying information. We have not carried out any financial, tax, environmental or accounting due diligence with respect to the Company.*"

The 1Lattice Report is available on the website of our Company at https://smgroupindia.com/investors/industry-report/.

The extent to which industry and market data set forth in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from the 1Lattice Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.***" on page 55. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, disclosures have been included in "***Basis for Offer Price***" on page 122, includes information relating to our peer group companies and industry averages. Such information has been derived from publicly available sources. Such industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All statements regarding our expected financial condition and results of operations, objectives, business, plans and prospects are forward looking statements, which include statements with respect to our business strategy, our expected revenue and profitability, our goals and other matters discussed in this Draft Red Herring Prospectus, regarding matters that are not historical facts. These forward-looking statements can generally be identified by words or phrases such as ***"aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "objective", "plan", "propose", "project", "will continue", "seek to", "strive to", "will pursue", "will achieve"*** or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations, which in turn are based on currently available information. and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statements based on them could prove to be inaccurate.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes in the industry we operate in and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India that may have an impact on our business or investments, monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates and prices, the general performance of Indian and global financial markets, changes in the competitive landscape and incidence of any natural calamities and/or violence, changes in laws, regulations and taxes and changes in competition in our industry.

Significant factors that could cause our actual results to differ materially include, but are not limited to our ability to:

- Our business depends on orders from different entities of the state governments and central government and our revenues from such entities accounted for 92.19%, 54.37%, 85.19%, 67.96% and 74.72% of our revenue from operations for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, respectively. Consequently, a decline in government budget, reduction in orders from such entities or termination of our existing contracts with them, or change in schemes and policies may adversely affect our business, results of operations, financial condition and cash flows.

- We depend on certain customers for a significant portion of our revenues. Our top 10 customers contributed to 98.05%, 99.11%, 92.78%, 89.74% and 96.06% of our revenue from operations for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, respectively. Any decrease in demand from such customers, the loss of such customers or our inability to diversify our customer base could have an adverse effect on our business, results of operations, financial condition and cash flows.

- We depend on a few suppliers for the supply of our raw materials and we do not have continuing and exclusive supply agreements with them. Any interruptions in the supply of raw materials, fluctuations in raw material prices or any failure by our suppliers to make timely delivery of raw materials could adversely affect our ability to manufacture our products and meet our contractual obligations.

- We are in the process of establishing a manufacturing facility in Himachal Pradesh which is subject to the risk of unanticipated delays in implementation and cost overruns.

- We are subject to strict quality requirements, customer inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and future prospects.

- We operate in an industry which is highly regulated and are subject to stringent government regulations. If we fail to comply with the applicable regulations and rules prescribed by the Government of India and the relevant statutory or regulatory bodies or fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, our results of operations and cash flows may be adversely affected.

- We derive a significant portion of our revenues from the sale of personal protection, which represented 88.95% of our revenue from operations for Fiscal 2024. Any decline in the demand for our personal protection products would have an adverse effect on our business, financial condition, results of operations and cash flows.

- Our Palwal Manufacturing Facility is subject to operating risks. Any shutdown of our existing manufacturing facilities or other production problems caused by unforeseen events may reduce sales and adversely affect our business, cash flows, results of operations and financial condition.

- We operate in a competitive business environment. Failure to compete effectively against our competitors and new entrants to the industry may adversely affect our business, financial condition and results of operations; and

- We have working capital requirements. Any failure in arranging adequate working capital for our operations or furnishing performance bank guarantees may adversely affect our business, results of operations, cash flows and financial condition.

For a further discussion of factors that could cause our actual results to differ from expectations, see "***Risk Factors***", "***Our Business***", "***Industry Overview***", and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 32, 211, 137 and 346, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future.

We cannot assure Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of our future performance.

Neither our Company, our Promoters (including the Promoter Selling Shareholder), Directors, nor the BRLMs, or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations and as prescribed under applicable law, our Company will ensure that Bidders in India are informed of material developments, pertaining to our Company and the Equity Shares forming part of the Offer from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading approvals by the Stock Exchanges. Further, in accordance with the requirements of SEBI and as prescribed under the applicable law, the Promoter Selling Shareholder shall ensure (through our Company and the BRLMs) that the investors are informed of material developments in relation to statements specifically confirmed or undertaken in this Draft Red Herring Prospectus by it in relation to itself as the Promoter Selling Shareholder and with respect to the Offered Shares until the time of the grant of listing and trading approvals by the Stock Exchanges, pursuant to the Offer.

SUMMARY OF THE DRAFT OFFER DOCUMENT

*This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled "**Risk Factors**", "**The Offer**", "**Capital Structure**", "**Objects of the Offer**", "**Industry Overview**", "**Our Business**", "**Financial Information**", "**Our Promoters and Promoter Group**", "**Outstanding Litigation and Material Developments**", "**Offer Procedure**" and "**Description of Equity Shares and Terms of the Articles of Association**" on pages* 32, 71, 88, 102, 137, 211, 275, 270, 373, 413 *and* 436, *respectively.*

Summary of business

We are an Indian designer and manufacturer of defence equipment including ammunition components, personal protection products and protection kits for land, air and sea platforms. Our ammunition component offerings currently comprise combustible cartridge cases, which we have been manufacturing for tank and artillery ammunition since 1992. Our protection products consist of personal protection products including bullet resistant jackets, armor plates, ballistic helmets and shields customized for armed forces, police, paramilitary and other security forces, and platform protection kits which are designed to provide protection for vehicles, patrol boats, aircrafts and helicopters in combat situations including counter insurgency and anti-terror operations.

See "***Our Business***" on page 211.

Summary of industry

The global defence spending which accounted for USD 2.4 trillion in 2023, contributing 2.3% of the global GDP, is expected to grow at a CAGR of 4.3% to USD 3.0 trillion by 2028. India's defense spending was approximately USD 94 billion in Fiscal 2024, growing at a CAGR of 3.8% from Fiscal 2019 to 2023 and is estimated to reach approximately USD 145 billion in Fiscal 2029, growing at a CAGR of 9.1% over Fiscal 2024 and 2029. The Government of India has introduced policies under the 'Make in India' initiative and the 'Atmanirbhar' vision, introducing reforms to promote the indigenous design, development and manufacturing of defence equipment, thereby reducing reliance on defence imports. (*Source: 1Lattice Report*)

See "***Industry Overview***" on page 137.

Promoters

The Promoters of our Company are Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal.

See "***Our Promoters and Promoter Group***" on page 270.

Offer Size

The following table summarizes the details of the Offer. See, "***The Offer***" and "***Offer Structure***" on pages 71 and 408, respectively.

Offer	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 40,000 million
of which	
Fresh Issue(1)(3)	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 5,800 million
Offer for Sale(2)	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 34,200 million by the Promoter Selling Shareholder
The Offer consists of:	
Employee Reservation Portion(4)	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ [●] million
Net Offer	[●] Equity Shares of face value of ₹2 each, aggregating to ₹ [●] million

(1) The Offer has been authorized by a resolution of our Board dated September 29, 2024. Our Shareholders have authorised the Fresh Issue pursuant to their special resolution passed at their extra-ordinary general meeting dated September 29, 2024.

*(2) Our Board has taken on record the authorisation for the Offer for Sale by the Promoter Selling Shareholder pursuant to its resolution dated October 13, 2024. See "**Other Regulatory and Statutory Disclosures – Authority for the Offer – Consent from the Promoter Selling Shareholder**" on page 385. The Equity Shares being offered by the Promoter Selling Shareholder have been held by it for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus with the SEBI. Further, the Promoter Selling Shareholder has confirmed compliance with the conditions specified in Regulation 8 and 8A of the SEBI ICDR Regulations, to the extent applicable.* See, *"**The Offer**" and "**Other Regulatory and Statutory Disclosures**" on pages 71 and 385, respectively.*

(3) Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

(4) Eligible Employees Bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion after allocation of up to ₹ 500,000 (net of Employee Discount, if any), shall be added to the Net Offer. Our Company, in consultation with the BRLMs, may offer a discount of [●] % on the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees Bidding in the Employee Reservation Portion which shall be announced atleast two Working Days prior to the Bid/Offer Opening Date. See, "***Offer Procedure***" *and* "***Offer Structure***" *on pages 413 and 408, respectively.*

The Offer and the Net Offer shall constitute [●]% and [●]%, respectively, of the post-Offer paid up equity share capital of our Company. See *"**The Offer**" and "**Offer Structure**"* on pages 71 and 408, respectively.

Objects of the Offer

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Particulars	Amount (in ₹ million)*	Percentage of Net Proceeds (%)**
Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility through investment in our Subsidiary	4,370.42**	[●]
General corporate purposes***	[●]	[●]
Net Proceeds	[●]	**100.00**

** Includes the proceeds, if any, received pursuant to the Pre-IPO Placement which may be undertaken, in consultation with the BRLMs. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.*

*** As of date of this Draft Red Herring Prospectus, an amount of ₹ 820.20 million (basis the exchange rate of 1 USD = ₹ 84.16) has been utilised from the Bridge Loan towards the procurement of plant and machinery for the Ammunition Project, by way of advance payment to RWMSA (as defined hereinafter) pursuant to the Plant Establishment Agreements (as defined hereinafter). The funds utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility shall be repaid out of the Net Proceeds. SMPP Ammunition Private Limited may further deploy an amount from the Bridge Loan towards the Planned Ammunition Manufacturing Facility, which, if so utilized, shall be repaid out of the Net Proceeds.* *See "**Objects of the Offer - Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary - Means of finance**" and "**Objects of the Offer - Bridge loan**" on pages 105 and 103, respectively.*

**** The amount to be spent towards general corporate purposes will be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

See "***Objects of the Offer***" on page 102.

Aggregate pre-Offer Shareholding of our Promoters (including the Promoter Selling Shareholder) and members of our Promoter Group

The aggregate pre-Offer shareholding and percentage of the pre-Offer paid-up Equity Share capital, of each of our Promoters (including the Promoter Selling Shareholder) and members of our Promoter Group as on the date of this Draft Red Herring Prospectus is set forth below:

S. No	Name of the Shareholder	Number of Equity Shares of face value of ₹2 each	Percentage of pre-Offer Equity Share capital (%)
		Promoters	
1.	Dr. Shiv Chand Kansal^	299,999,991	50.00

S. No	Name of the Shareholder	Number of Equity Shares of face value of ₹2 each	Percentage of pre-Offer Equity Share capital (%)
2.	Dr. Madhu Kansal	180,000,000	30.00
3.	Ashish Kansal	99,750,000	16.63
Total (A)		**579,749,991**	**96.63**
	Promoter Group		
1.	Ashima Goel	20,250,000	3.37
2.	Kansal Auto Spares Private Limited	3	Negligible
3.	Sopan Properties Private Limited	3	Negligible
4.	Wiseman Systems Private Limited	3	Negligible
Total (B)		**20,250,009**	**3.37**
Total (C=A+B)		**600,000,000**	**100.00**

^ *Dr. Shiv Chand Kansal is also participating in the Offer as the Promoter Selling Shareholder.*

See "***Capital Structure – Notes to Capital Structure – History of Build-up of Promoters' shareholding in our Company***" on page 93.

Summary of selected financial information derived from our Restated Consolidated Financial Information

The summary of selected financial information of our Company derived from the Restated Consolidated Financial Information is set forth below:

(*₹ in million, unless otherwise specified*)

Particulars	As at and for three months ended June 30, 2024	As at and for three months ended June 30, 2023	As at and for the year ended March 31, 2024	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Equity Share capital	400.00	2.00	400.00	2.00	2.00
Revenue from operations	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Total Income	1,483.05	556.78	5,369.03	3,678.16	3,769.17
Net Worth(1)	5,110.21	3,313.79	4,687.78	3,215.50	2,289.46
Restated Profit/(loss) for the year/ period	425.93	92.12	1,465.26	926.08	877.35
Restated Earnings per Equity Share ("**EPS**")					
Basic EPS^# (2)	0.71	0.15	2.44	1.54	1.46
Diluted EPS^# (3)	0.71	0.15	2.44	1.54	1.46
Net Asset Value (NAV) per Equity Share (₹)^ (4)	8.52	5.52	7.81	5.36	3.82
Return on Net Worth# (5)	8.33%	2.78%	31.26%	28.80%	38.32%
Total current and non-current borrowings	36.08	-	22.55	-	-

Notes:

1. Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation, capital reserve and amalgamation as on March 31, 2024; 2023 and 2022, in accordance with Regulation 2(1)(hh) of the ICDR Regulations.

2. Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit for the year/ period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year/period.

3. Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit for the year/ period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year/period as adjusted for the effects of all dilutive potential Equity Shares during the year/period.

4. Net asset value per equity share is calculated as Net Worth as per the Restated Consolidated Financial Information divided by weighted average number of equity shares outstanding at the end of the year/ period.

5. Return on Net Worth (%) is computed as Net Profit after tax attributable to owners of the parent, as restated / Restated net worth at the end of the year/ period .

^ *Taking into consideration the impact of: (i) sub-division of face value of equity shares from ₹100 each to ₹ 2 each pursuant to a resolution of our Board dated November 4, 2023 and a resolution of our Shareholders dated November 24, 2023; (ii) issue of bonus equity shares of face value of ₹2 each in the ratio of 199 equity shares for every equity share held, pursuant to a resolution of our Board dated November 4, 2023 and a resolution of our Shareholders dated November 24, 2023; and (iii) issue of bonus equity shares of face value of ₹2 each in the ratio of two equity shares for every one equity share held, pursuant to a resolution of our Board dated October 5, 2024 and a resolution of our Shareholders dated October 5, 2024.*

Basic and Diluted EPS numbers and Return on Net worth figures for the three months ended June 30, 2024 and June 30, 2023 have not been annualised.

See "***Restated Consolidated Financial Information***" and "***Other Financial Information***" on pages 275 and 338, respectively.

Qualifications of the Joint Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Information

The Joint Statutory Auditors have not made any qualifications in their examination report, which have not been given effect to in the Restated Consolidated Financial Information.

Summary of outstanding litigation

A summary of outstanding litigation proceedings involving our Company, our Subsidiary, our Promoters, and our Directors as required under the SEBI ICDR Regulations and as disclosed in "***Outstanding Litigation and Material Developments***" in this Draft Red Herring Prospectus**,** is set forth below:

Name	Criminal proceedings	Tax proceedings	Statutory or regulatory actions	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters in the last five years, including outstanding action	Material civil litigations as per the Materiality Policy	Aggregate amount involved* (in ₹ million)
Company						
By our Company	1^	Nil	Nil	Nil	Nil	Nil
Against our Company	Nil	11	Nil	Nil	1	220.40
Directors#						
By our Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against our Directors	Nil	Nil	Nil	Nil	Nil	Nil
Subsidiary						
By our Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil
Against our Subsidiary	Nil	Nil	Nil	NA	Nil	Nil
Promoters#						
By the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Against our Promoters	Nil	Nil	Nil	Nil	Nil	Nil

**To the extent quantifiable.*

*^ Represents a criminal application filed by our Company in connection with material civil proceeding instituted by MKU Limited. See, "**Outstanding Litigation and other Material Developments – Litigation involving our Company – Litigation against our Company – Material civil proceedings.**" on page 374.*

As on the date of this Draft Red Herring Prospectus, there is no pending litigation involving our Group Companies which will have a material impact on our Company. See "***Outstanding Litigation and Material Developments***" on page 373.

Risk Factors

Please see "***Risk Factors***" on page 32. Investors are advised to read the risk factors carefully before making an investment decision in the Offer.

Summary of contingent liabilities

The following is a summary table of our contingent liabilities as per Ind AS 37 as at June 30, 2024 as indicated in our Restated Consolidated Financial Information:

(in ₹ million)

Particulars	As at June 30, 2024*
Income Tax	3.48
GST	41.77
Civil Cases	20.51

**Other than above:-*

a) Our Company received a notice under Section 133(6) of the Income-tax Act, 1961 for the assessment year 2022 dated May 7, 2024 for implication on taxable income amounted ₹ 14.20 million related to rent on plant & machinery. Our Company submitted a reply dated May 23, 2024 submitting that our Company did not let out any plant & machinery but instead have let out the building on rent. We are awaiting response awaited from respective authority.

b) Our Company received a demand cum show cause notice dated September 30, 2022, alleging fraudulent availment of input tax credit of ₹ 158.06 million. The amount of ₹ 154.64 million was voluntarily debited by our Company on July 30, 2021 through ledger utilized (cash/credit). Since our Company has contested the charges, our Company received show cause notice dated August 8, 2024 under Section 74 alleging availment and passing of the fake input tax credit of ₹ 158.06 million. Our Company has filed a reply dated August 5, 2024 for adjournment.

See "***Restated Consolidated Financial Information – Note 37 – Contingent Liabilities***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and "***Outstanding Litigation and Material Developments***" on pages 314, 346 and 373, respectively.

Summary of related party transactions

Set forth below is the summary of transactions with related parties as at and for three months ended June 30, 2024, June 30, 2023 and March 31, 2024, March 31, 2023 and March 31, 2022, as per the requirements under Ind AS 24 read with the SEBI ICDR Regulations and as derived from the Restated Consolidated Financial Information:

(₹ in million)

Sl. No	Nature of transaction	Related parties with whom transactions have taken place	Nature of Relationship	For the three months ended		For the year ended		
				June 30, 2024	June 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
1.	Director Remuneration	Dr. Shiv Chand Kansal	Key Managerial Personnel	1.80	0.96	7.20	3.84	3.84
2.	Interest on Loan	Dr. Shiv Chand Kansal	Key Managerial Personnel	0.46	-	0.02	-	-
3.	Interest Expense on leases	Dr. Shiv Chand Kansal	Key Managerial Personnel	0.01	-	-	-	-
4.	Loan received	Dr. Shiv Chand Kansal	Key Managerial Personnel	5.00	-	21.50	-	-
5.	Advance received for purchase of shares of SMPP Ammunition Private Limited (Subsidiary)	Dr. Shiv Chand Kansal	Key Managerial Personnel	-	-	1.00	-	-
6.	Director Remuneration	Dr. Madhu Kansal	Key Managerial Personnel	1.80	0.54	7.20	2.16	2.16
7.	Interest on Loan	Dr. Madhu Kansal	Key Managerial Personnel	0.10	-	-	-	-
8.	Interest Expense on Leases	Dr. Madhu Kansal	Key Managerial Personnel	0.05	0.09	0.34	0.42	0.49

Sl. No	Nature of transaction	Related parties with whom transactions have taken place	Nature of Relationship	For the three months ended		For the year ended		
				June 30, 2024	June 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
9.	Advance received for purchase of shares of SMPP Ammunition Private Limited (Subsdiary)	Dr. Madhu Kansal	Key Managerial Personnel	-	-	1.00	-	-
10.	Loan received during the year	Dr. Madhu Kansal	Key Managerial Personnel	9.00	-	-	-	-
11.	Patent/Royalty fee Paid	Mr Ashish Kansal	Relative of Key Managerial Personnel	-	-	8.71	0.37	-
12.	Salary	Mr Ashish Kansal	Relative of Key Managerial Personnel	1.80	0.90	7.20	3.60	3.60
13.	Purchases	S M Engineers & Consultant	Entity over which KMP's have significant influence	0.70	0.47	1.64	2.61	1.82
14.	Sales	S M Engineers & Consultant	Entity over which KMP's have significant influence	0.13	0.13	0.53	0.56	0.55
15.	Rent received	S M Engineers & Consultant	Entity over which KMP's have significant influence	-	-	0.07	0.07	0.07
16.	Interest Expense on leases	Wiseman Systems Private Limited (with effect from February 8, 2024)	Entity over which KMP's have significant influence	3.74	-	-	-	-
17.	Purchases	Macario Technologies Private Limited	The entity is controlled or jointly controlled by a person or a close member of that person’s family of a reporting entity who has significant influence over the reporting entity.	0.34	134.85	615.12	34.86	22.62
18.	Job Work	Macario Technologies Private Limited	The entity is controlled or jointly controlled by a person or a	12.86	10.36	67.68	32.29	10.63

Sl. No	Nature of transaction	Related parties with whom transactions have taken place	Nature of Relationship	For the three months ended		For the year ended		
				June 30, 2024	June 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
			close member of that person's family of a reporting entity who has significant influence over the reporting entity.					
19.	Sales	Macario Technologies Private Limited	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	-	-	-	63.60	-
20.	Rent received	Macario Technologies Private Limited	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	-	-	0.07	0.07	0.07
21.	Purchases	Innovative Techtex Private Limited	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	16.38	36.86	487.87	344.50	201.49
22.	Sales	Innovative Techtex Private Limited	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has	-	-	-	149.58	6.19

Sl. No	Nature of transaction	Related parties with whom transactions have taken place	Nature of Relationship	For the three months ended		For the year ended		
				June 30, 2024	June 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
			significant influence over the reporting entity.					
23.	CSR Expense	Jai Foundation	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	-	-	17.72	20.13	8.22
24.	Job Work Expense	Sat Sahib Trading Company	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	-	3.83	6.00	1.07	3.79
25.	Purchases	Sat Sahib Trading Company	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	-	-	-	0.04	-

See *"**Restated Consolidated Financial Information – Note 40.2 – Related Party Disclosures**"* on page 317.

Financing arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors, and any of their relatives (as defined under the Companies Act, 2013) have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average cost of acquisition of all equity shares transacted during the last one year, 18 months and three years from the date of this Draft Red Herring Prospectus

Period	Weighted average cost of acquisition (in ₹)#^	Cap Price is 'x' times the weighted average cost of acquisition[1]	Range of acquisition price: lowest price – highest price (in ₹)#
One year preceding the date of this Draft Red Herring Prospectus	Negligible	[●]	Nil-2.00
18 months preceding the date of this Draft Red Herring Prospectus	Negligible	[●]	Nil-2.00
Three years preceding the date of this Draft Red Herring Prospectus	Negligible	[●]	Nil-2.00

 # As certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18, 2024

[1] To be updated upon finalization of the Price Band.

(1) *Weighted average cost of acquisition has been arrived at by considering only the cost of shares transacted by the Promoters, Selling Shareholder and Promoter Group on account of any further issue, bonus issue or secondary transfers, i.e., the cost paid or received by the Promoters, Selling Shareholder or Promoter Group member for transactions in equity shares, divided by the total number of equity shares transacted.*

(2) *Nil represents cost of equity shares acquired pursuant to a bonus issue (at no consideration). Equity shares received as a result of sub-division of equity shares has not been considered as an acquisition for the computation of the weighted average price.*

(3) *There are no Special Rights Shareholders.*

Weighted average price at which the equity shares were acquired by our Promoters (including the Promoter Selling Shareholder) during the last one year

The weighted average price at which the Equity Shares were acquired by our Promoters (including the Promoter Selling Shareholder) in the one year immediately preceding the date of this Draft Red Herring Prospectus is as set forth below:

Name	Number of equity shares acquired in last one year	Weighted average price of equity shares acquired in the last one year (in ₹)*
Dr. Shiv Chand Kansal#	299,499,994	Nil^^
Dr. Madhu Kansal	179,700,000	Nil^^
Ashish Kansal	99,583,750	Nil^^

**As certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18, 2024.*

#Dr. Shiv Chand Kansal is also participating in the Offer as the Promoter Selling Shareholder.

^^Nil represents cost of equity shares acquired pursuant to a bonus issue (at no consideration). Equity shares received as a result of sub-division of equity shares has not been considered as an acquisition for the computation of the weighted average price.

Average cost of acquisition of Equity Shares for our Promoters (including the Promoter Selling Shareholder)

The average cost of acquisition per Equity Share for our Promoters (including the Promoter Selling Shareholder) as on the date of this Draft Red Herring Prospectus is as set forth below:

S. No.	Name	Number of Equity Shares (of face value of ₹2 each) held^	Average cost of acquisition per Equity Share (in ₹)*
1.	Dr. Shiv Chand Kansal#	299,999,991	Negligible
2.	Dr. Madhu Kansal	180,000,000	Negligible
3.	Ashish Kansal	99,750,000	Negligible

**As certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18, 2024.*

#Dr. Shiv Chand Kansal is also participating in the Offer as the Promoter Selling Shareholder.

(1) *Average cost of acquisition has been arrived at by considering only the cost of shares transacted by the Promoters and Selling Shareholder on account of any further issue, bonus issue or secondary transfers, i.e., the cost paid or received by the Promoters or Selling Shareholder for transactions in equity shares, divided by the total number of equity shares held as on date.*

(2) *The cost of acquisition for equity shares acquired through bonus issuances has been considered as Nil for the computation of the average cost of acquisition.*

(3) *Equity shares received as a result of sub-division of equity shares has not been considered as an acquisition for the computation of the average cost of acquisition.*

Details of price at which specified securities were acquired by our Promoters (including the Promoter Selling Shareholder), members of the Promoter Group and Shareholders with right to nominate directors or other rights during the last three years*

Except as stated below, none of the Promoters (including the Promoter Selling Shareholder) and the members of our Promoter Group have acquired any specified securities in the three years immediately preceding the date of this Draft Red Herring Prospectus. Further, it is confirmed that as on the date of this Draft Red Herring Prospectus, there are no Shareholders with right to nominate Directors or having any other special rights in the Company:

Name of the Shareholders	Date of acquisition	Number of equity Shares acquired	Acquisition price per equity share (in ₹)
Promoters			
Dr. Shiv Chand Kansal	November 24, 2023	99,500,000	NIL
	October 5, 2024	199,999,994	NIL
Dr. Madhu Kansal	November 24, 2023	59,700,000	NIL
	October 5, 2024	120,000,000	NIL
Ashish Kansal	November 24, 2023	33,083,750	NIL
	October 5, 2024	66,500,000	NIL
Promoter Group			
Ashima Goel	November 24, 2023	6,716,250	NIL
	October 5, 2024	13,500,000	NIL
Kansal Auto Spares Private Limited	August 16, 2024	1	2.00
	October 5, 2024	2	NIL
Sopan Properties Private Limited	August 16, 2024	1	2.00
	October 5, 2024	2	NIL
Wiseman Systems Private Limited	August 16, 2024	1	2.00
	October 5, 2024	2	NIL
Selling Shareholder			
Dr. Shiv Chand Kansal	November 24, 2023	99,500,000	NIL
	October 5, 2024	199,999,994	NIL
Special Rights Shareholders			
NA	NA	NA	NA

**As certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18, 2024*

Notes:

1) *Nil represents cost of equity shares acquired pursuant to a bonus issue (at no consideration). Equity shares received as a result of sub-division of equity shares has not been considered as an acquisition for the computation of the weighted average price.*
2) *There are no Special Rights Shareholders.*

Details of Pre-IPO Placement

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

Issue of Equity Shares for consideration other than cash or bonus issue during the last one year

Except as disclosed below, our Company has not issued Equity Shares for consideration other than cash or bonus in the one year preceding the date of this Draft Red Herring Prospectus:

Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Benefits accrued
November 24, 2023	Bonus issue in the ratio of 199	99,500,000 equity shares were allotted to	199,000,000	2	NA	NA	Capitalisation of reserves

Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Benefits accrued
	equity shares for every 1 equity share held	Dr. Shiv Chand Kansal, 59,700,000 equity shares were allotted to Dr. Madhu Kansal, 33,083,750 equity shares were allotted to Ashish Kansal, 6,716,250 equity shares were allotted to Ashima Goel					
October 5, 2024	Bonus issue in the ratio of two Equity Shares for every one equity share held	199,999,994 Equity Shares were allotted to Dr. Shiv Chand Kansal, 120,000,000 Equity Shares were allotted to Dr. Madhu Kansal, 66,500,000 Equity Shares were allotted to to Ashish Kansal, 13,500,000 Equity Shares were allotted to Ashima Goel, 2 Equity Shares were allotted to Sopan Properties Private Limited, 2 Equity Shares were allotted to Kansal Auto Spares Private Limited and 2 Equity Shares were allotted to Wiseman Systems Private Limited	400,000,000	2	NA	NA	Capitalisation of reserves

Split/consolidation of Equity Shares during the last one year

Other than the sub-division of face value of the equity shares of our Company from ₹ 100 each to ₹ 2 each pursuant to resolutions passed by our Board of Directors and the Shareholders dated November 4, 2023 and November 24, 2023, respectively, our Company has not undertaken a split or consolidation of the Equity Shares during the one year preceding the date of this Draft Red Herring Prospectus. See "***Capital Structure – Notes to capital structure - Equity share capital history of our Company***" on page 88.

Exemption from complying with any provisions of securities laws, if any, granted by the Securities and Exchange Board of India

Our Company has not sought any exemption from complying with any provisions of securities laws, as on the date of this Draft Red Herring Prospectus.

SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we currently operate or propose to operate or relevant to India and other jurisdictions we currently operate in or propose to operate. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows, financial condition and prospects. If any or a combination of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows, financial condition and prospects could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a more detailed understanding of our Company and our business, prospective investors should read this section in conjunction with "**Our Business**", "**Industry Overview**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Restated Consolidated Financial Information**" on pages 211, 137, 346 and 275, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved.*

Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors in our Equity Shares should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment in India, which may differ in certain respects from that of other countries.

*This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "**Forward-Looking Statements**" on page 18. Our Company's financial year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular financial year are to the 12 months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Information included in this Draft Red Herring Prospectus. For further information, see "**Restated Consolidated Financial Information**" on page 275.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Defence Industry Report" dated October 17, 2024 (the "**1Lattice Report**") prepared and issued by Lattice Technologies Private Limited ("**1Lattice**"), appointed by us pursuant to an engagement letter dated August 8, 2024 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Offer. The 1Lattice Report is available on the website of our Company at https://smgroupindia.com/investors/industry-report/ until the Bid / Offer Closing Date. Unless otherwise indicated, financial, operational, industry and other related information derived from the 1Lattice Report and included herein with respect to any particular calendar year or Fiscal refers to such information for the relevant calendar year or Fiscal.*

Internal Risk Factors

1. ***Our business depends on orders from different entities of the state governments and central government and our revenues from such entities accounted for 92.19%, 54.37%, 85.19%, 67.96% and 74.72% of our revenue from operations for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, respectively. Consequently, a decline in government budget, reduction in orders from such entities or termination of our existing contracts with them, or change in schemes and policies may adversely affect our business, results of operations, financial condition and cash flows.***

We are an Indian designer and manufacturer of defence equipment and we currently manufacture combustible cartridge cases for tank and artillery ammunition, personal protection products for armed forces, paramilitary forces and the police and protection kits for land, air and sea platforms. Consequently, our business is dependent on orders from different state or central governments, including the relevant ministry of defence and ministry of home affairs of such governments, or organizations and entities owned or controlled by such governments including military forces, para-military forces and police forces in various countries (collectively, "**Government Entities**").

The table below sets forth details of our revenues generated from supplies made to Government Entities in the years/ periods indicated:

Particulars	**For the three months ended June 30, 2024**	**For the three months ended June 30, 2023**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Revenues from the Government Entities (₹ million)	1,343.77	285.67	4,396.53	2,384.26	2,756.42
Revenues from the Government Entities as a percentage of total revenue from operations	92.19%	54.37%	85.19%	67.96%	74.72%

We derive a significant portion of our revenues from Government Entities and expect this trend to continue in the future, increasing the potential volatility of our results and exposure to individual contract risks. Such concentration of our business on a few customers for new orders could negatively impact our operations if we do not meet expected margins or incur losses on these large orders. We are exposed to various risks inherent in doing business with such Government Entities including being dependant on the budgets extended to them by the relevant government. While there has been an increase in the total defence allocations by the GoI over a period of time, the level of defence spending may be impacted by numerous factors such as the evolving nature of the national security concerns, foreign policy, domestic political environment and macroeconomic conditions. Further, in order to be awarded orders, we are required to participate in a competitive tendering process and meet specific criteria set out in the tender documents including those relating to the pricing, specification and local content of our products. If we are required to lower the price of our products in order to win tenders, our margins and revenues may be adversely affected. The tender process can be long and subject to significant delays. Bidding for a tender involves various management activities such as cost estimations and designing and developing a trial product for the bidding process. Inability to design and develop the trial product may lead to loss of tender which could have an adverse impact on our business, results of operations, financial condition and cash flows. In addition, the terms and conditions of orders to be entered into with Government Entities may be onerous and our ability to negotiate such terms may be limited. A decline in Government spending on defence equipment and particularly spending on the products that we manufacture or the termination of our existing orders may adversely affect our business, financial condition, results of operations and cash flows. While we have not experienced any instances of termination of our orders in the three months ended June 30, 2024 and the last three Fiscals, we cannot assure you that such instances will not arise in the future.

2. ***We depend on certain customers for a significant portion of our revenues. Our top 10 customers contributed to 98.05%, 99.11%, 92.78%, 89.74% and 96.06% of our revenue from operations for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, respectively. Any decrease in demand from such customers, the loss of such customers or our inability to diversify our customer base could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We have derived and expect to continue to derive a significant portion of our revenue from our top 10 customers. The table below sets forth details of our revenues generated from top 10 customers in each of the years/ periods indicated:

Particulars	**For the three months ended June 30, 2024**	**For the three months ended June 30, 2023**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Revenues from top 10 customers (₹ million)	1,429.20	520.73	4,788.29	3,142.22	3,543.68
Revenues from top 10 customers as a percentage of total revenue from operations	98.05%	99.11%	92.78%	89.74%	96.06%

Note: Top 10 customers for Fiscal 2024 include Intigris Composite (erstwhile Tencate Advanced Armour SAS), and nine other customers whose names have not been disclosed here due to non-receipt of consent.

Since our revenues depend on a select number of customers, any adverse developments in our relationships with them or any disputes with them may adversely affect our business and revenues. The loss of one or more of our significant customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business and results of operations. Our reliance on a select group of customers may also constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or a decline in the budgetary allocations of these customers could reduce their demand for our products and result in a significant decrease in the revenues we derive from them. Furthermore, key customers may become subject to international sanctions or restrictions on arms exports and dual-use products, which could further adversely affect our business and revenues.

The volume and timing of sales to such customers may also vary due to a change in their requirements, geo-political issues and management of inventory levels. Furthermore, we do not have firm commitments in the form of continuing or long-term supply agreements with our customers and instead rely on orders for manufacture of specific products on a tender basis, which governs the volume and other terms of the sale of our products. Certain customer orders may also provide them with the unilateral right to terminate/modify their orders with us by way of providing notice. We need to maintain sufficient inventory levels to meet customer expectations at all times. Accumulating excess inventory could increase our inventory costs, and a failure to have adequate inventory in stock to fulfil customer orders could result in inability to meet customer demand or loss of customers. As actual orders by our customers are typically placed by way of on-going purchase orders, we are exposed to significant or unexpected changes in product specifications and delivery schedules, which may result in a mismatch between our inventories of raw materials, work-in-progress, finished goods and goods for re-trade, thereby increasing our costs for maintaining inventory. Our inability to forecast the level of customer demand for our products as well as our inability to accurately schedule our raw material purchases and production and manage our inventory may adversely affect our business and cash flows from operations. We cannot assure you that our customers will re-enter into such agreements or place further orders with us in the future or that we will be able to maintain historic levels of business from them, or that we will be able to significantly reduce customers concentration in the future. The loss of business from any of these customers due to any reason could adversely affect our business, results of operations, financial condition and cash flows.

3. ***We depend on a few suppliers for the supply of our raw materials and we do not have continuing and exclusive supply agreements with them. Any interruptions in the supply of raw materials, fluctuations in raw material prices or any failure by our suppliers to make timely delivery of raw materials could adversely affect our ability to manufacture our products and meet our contractual obligations.***

We depend on a limited number of third-party suppliers for supply of raw materials required in our production process which subjects us to concentration risk. Our primary raw materials for manufacturing our products include boron carbide powder, ballistic fabric, solvents, resins and adhesives. We procure these materials typically through purchase orders which set out the terms and conditions in relation to quantity, pricing and delivery details and do not enter into any continuing and exclusive supply agreements with our suppliers. If our suppliers do not perform their obligations in a timely manner, or cease operations or decide to discontinue our supply relationships, or at all, we would need to find alternative suppliers, within a requisite span of time and our ability to manufacture our products may be adversely affected and we may breach our contractual obligations to our customers. While we have not experienced any instance where any of our suppliers did not fulfill their obligations in a timely manner in the last three Fiscals and three months ended June 30, 2024 that resulted in an adverse impact on our operations, we cannot assure that such instances will not arise in the future.

The table below sets forth details of our cost of materials consumed as a percentage of total expenses in the years/ periods indicated:

Particulars	**For the three months ended June 30, 2024**	**For the three months ended June 30, 2023**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
	(₹ million, except percentages)				
Cost of materials consumed	690.99	482.36	2,946.99	1,856.98	2,088.53
Changes in inventories of finished goods (II)	49.69	(220.29)	(249.48)	-	-
Total cost of	740.68	262.07	2,697.51	1,856.98	2,088.53

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million, except percentages)				
materials consumed (including changes in inventories of finished goods) (I + II)					
Cost of materials consumed (including changes in inventories of finished goods) as a percentage of total expenses	81.15%	60.52%	79.52%	76.61%	80.54%

Further, the table sets forth below the cost of raw materials sourced from our top 10 suppliers:

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Cost of raw materials sourced from our top 10 suppliers (₹ million)	209.91	465.42	3,257.41	1,321.00	1,717.69
Cost of raw materials sourced from our top 10 suppliers as a percentage of cost of total raw materials sourced during the year/ period	80.78%	84.17%	84.26%	72.40%	87.58%

**Our top 10 suppliers (in terms of raw materials sourced in Fiscal 2024) were Macario Technologies Private Limited, Innovative Techtex Private Limited, Newtegh Design Technologies Private Limited, Axis Organics Private Limited, Dupont Specialty Products India Private Limited and other five suppliers whose names have not been disclosed here due to non-receipt of consent.*

Although we have not experienced any instances where our suppliers were unable to supply us desired quantities of raw materials or where we could not find a replacement for any particular supplier in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that such instances will not arise in future. In the event any of our key suppliers is unable to provide us the required quantity or quality of raw materials or in a timely manner, we cannot assure you that we will be able to find a suitable replacement and at an acceptable cost within our delivery timelines. Further, in the event of an increase in the price of raw materials, we cannot assure you that we will be able to correspondingly increase the price of our products. Our reliance on a select group of suppliers may also constrain our ability to negotiate our arrangements with them. We may experience unanticipated increases in costs due to fluctuations in the supply and demand in the national and international markets for raw materials. At certain times, there can be a scarcity of raw materials, which may cause substantial increases in the prices of such raw materials. Any such interruptions in the supply of raw materials, and any inability on our part to find alternate sources for the procurement of such raw materials, may have an adverse effect on our ability to manufacture our products in a timely or cost effective manner and we may be in breach of our contractual obligations. The occurrence of any such event may adversely affect our business, results of operations, financial condition and cash flows. As we typically do not have exclusive arrangements with our suppliers, our suppliers could engage with our competitors and prioritize supplies of their other customers, which could adversely impact our ability to procure a sufficient quantity of raw materials at competitive rates and within a reasonable timeframe. Furthermore, our purchase orders typically do not contain any provision for indemnification against any losses suffered by us due to delays/defaults in supply, or defects in raw materials supplied to us, or any protection against third party claims. Furthermore, with strict quality requirements specified in contractual arrangements with customers, the risk of being unable to make alternative arrangements is exacerbated.

4. ***We are in the process of establishing a manufacturing facility in Himachal Pradesh from the Net Proceeds which is subject to the risk of unanticipated delays in implementation and cost overruns.***

We are in the process of establishing a manufacturing facility in Solan, Himachal Pradesh to manufacture ammunition for the armed forces. Pursuant to a lease deed dated March 1, 2024, we have been allotted certain industrial land admeasuring approximately 3,237,600 sq. mts. (approximately 800 acres) on a leasehold basis for a period of 95 years by the Government of Himachal Pradesh. We are also eligible to receive certain incentives as applicable under the rules regarding grant of incentives, concessions and facilities for investment and promotion in Himachal Pradesh, 2019. If we fail to commence commercial production in the stipulated time or violate the aforesaid rules for grant of incentives we are required to pay the premium of the land prevalent at the time of allotment i.e. ₹ 400 per square meter. See, "***Objects of the Offer - Details of Ammunition Project and break-down of estimated cost - Land acquisition***" on page 108. Our new manufacturing facility remains subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. Problems that could adversely affect our expansion plans include inability to raise significant additional funds on reasonable terms or at all, labour shortages, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed in our manufacturing facility, delays in completion, defects in design or construction, failure of third-parties to adhere to our specifications, quality standards, the possibility of future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, interest and finance charges, environment costs and other external factors which may not be within our control. These may cause us to incur additional expenses and experience cost overruns or face difficulties in meeting the demand for our products as we continue to grow our business, thus adversely affecting our business, prospects, financial condition and results of operation.

In this regard, our Subsidiary, SMPP Ammunition Private Limited has entered into two plant establishment agreements, each dated October 10, 2024, with Rheinmetall Waffe Munitions South Africa (Pty) Ltd., South Africa ("**RWMSA**") for design, installation and commissioning of manufacturing and testing facilities at the Planned Ammunition Manufacturing Facility. For details, see "***Objects of the Offer - Details of the Objects of the Fresh Issue - Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary***" on page 105. Pursuant to the Plant Establishment Agreements, SMPP Ammunition has agreed to provide the site for establishment of the plant and to ensure compliance with design inputs provided by RWMSA in construction and civil works as required. SMPP Ammunition is further required to procure necessary approvals for civil designs, installation of the Utilities and other governmental approvals required for the Ammunition Project. While under the Plant Establishment Agreements, SMPP Ammunition Private Limited is entitled to liquidated damages in case of delay in delivery, and RWMSA is required to provide unconditional corporate/bank advance payment guarantee within 180 days from date of the Plant Establishment Agreements, in case of any delay or default on the part of RWMSA, the set up of the Planned Manufacturing Facility may be adversely impacted, and our future results of operations and growth strategies could be adversely affected. Further, in case of termination of the Plant Establishment Agreements, there is no assurance that we will be able to identify and engage suitable vendors to replace them.

As on the date of this Draft Red Herring Prospectus, we are yet to place orders for ₹ 730.65 million of capital expenditure to be incurred for the Ammunition Project, which is 16.35% of the total estimated cost of the Ammunition Project. We cannot assure you that our budgeted costs will be sufficient to meet our proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of this expansion, which in turn may adversely affect our financial condition, results of operations, cash flows, and prospects. We cannot assure you that we will be able to establish our manufacturing facility in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our business and prospects. In relation to our Planned Ammunition Manufacturing Facility, we will require to obtain certain pre-construction and post-construction approvals, including a factory licence, explosive licenses and manufacturing and storage of explosives, fire no objection certificate, consents to operate from the Himachal Pradesh Pollution Control Board, and occupancy certificate from the Himachal Pradesh Industrial Development Corporation, which are routine in nature. "***Objects of the Offer - Details of Ammunition Project and break-down of estimated cost - Government and other approvals***" on page 116. However, in the event of any regulatory changes, additional approvals may be required beyond current norms which could delay the completion of the Planned Ammunition Manufacturing Facility. We cannot assure you that we will be able to obtain these registrations, licenses and approvals including approvals in a timely manner or at all, which could result in an adverse effect on our business, prospects and results of operations.

5. We are subject to strict quality requirements, customer inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and future prospects.

We design and manufacture defence equipment including ammunition components, personal protection products and protection kits for land, air and sea platforms. We have developed a product portfolio of products that cater to the safety and survivability equipment requirements of our end users. Given the nature of our products, and the sector in which we operate, our customers typically have high standards for product quality and delivery schedules. Adherence to quality standards is a critical factor as a defect in products manufactured by us or failure to comply with the specifications of our customers may lead to cancellation of supply orders or non-renewal of agreements by our customers and at certain instances may impose additional costs in the form of product liability and/or product recall. Further, given our products find use in combat situations (including involving armed forces), any failure or defect or lapse in quality standards of our products could have significantly adverse outcomes including injury and/or the death of the end-user, which makes our products mission-critical. While we have not experienced product liability, product recall, or cancellation of agreements due to failure to meet quality requirements in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that such instances will not arise in the future.

We have put in place quality control procedures and processes to ensure that our products will be able to satisfy our customers' quality standards. However, our procedures and processes may fail to test for all possible conditions of use or identify all defects in the design, engineering or specifications in our products. Prior to awarding us orders, certain of our customers undertake a detailed review process, which involves inspection of our manufacturing facility, review of our manufacturing processes, raw materials, technical review of the designs and specification of the proposed product, inspection and review of prototypes of the products. This extensive review process is generally periodic in nature and firm orders are placed only after the review process. The finished product delivered by us is further subject to validation by our customers upon delivery. As a part of acceptance process, our products may undergo testing and if rejected, we may have to replace the entire batch or a large portion of such batch of products. While we have not experienced any instance of rejection in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that such instance will not arise in the future.

We typically provide a warranty period ranging from 12 months to 10 years for our products. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs in order for us to satisfy our obligations during the warranty period which may adversely affect our business, financial condition, results of operations and prospects.

6. We operate in an industry which is highly regulated and are subject to stringent government regulations. If we fail to comply with the applicable regulations and rules prescribed by the Government of India and the relevant statutory or regulatory bodies or fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, our results of operations and cash flows may be adversely affected.

We operate in an industry which is highly regulated and our operations, including manufacturing are subject to stringent laws and regulations. We are required to obtain and maintain a number of statutory and regulatory licences, registrations, permits and approvals under central, state and local government rules in India, generally for carrying out our business and for our manufacturing facility including with respect to our Subsidiary. In particular, we are a licensed manufacturer of combustible cartridges cases and/or components requiring explosive raw material, bullet proof vest/jacket, vehicle armour, aircraft/helicopter armour, ballistic/BR/BP shield made of ceramic composite panel, composite armour panel and similar armour, bullet proof helmet/bullet resistant helmet/converter band and their parts and ceramic composite armour panel under the Industries (Development and Regulation) Act, 1951. In relation to our Subsidiary, SMPP Ammunition Private Limited, we have been issued Arms License by the DPIIT to undertake manufacturing of 125 mm, 125 mm mortar, 120 mm tank, 81 mm, 155 mm, 130 mm, 105 mm, 40 mm, 30 mm ammunitions. Further, in relation to the Palwal Manufacturing Unit, the Haryana State Pollution Control Board has issued a clarification stating that in the manufacture of cartridge cases and used raw material cellulose paper, there is no discharge of trade efficient and air emission from the process exempt DG set. Therefore, we are not required to obtain any consent from the Haryana State Pollution Control Board. For further information on the nature of the material approvals and licenses required for our business and for information on the material approvals applied for, see "***Government and Other Approvals***" on page 378.

In addition, we will need to apply for renewal of certain approvals, licenses registrations and permits, which expire or seek new approvals, licenses, registrations and permits from time to time, as and when required in the ordinary course of our business. For further information on the nature of approvals and licenses required for our business and for information on the material approvals applied for, see "***Government and Other Approvals***" on page 378. We have obtained a number of licences, registrations, permits and approvals from the relevant authorities and are renewing such statutory approvals periodically for the existing facility.

If we fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, or if we fail to comply with applicable conditions or it is claimed that we have breached any such conditions, our license or permission for carrying on a particular activity may be suspended or cancelled and we may not be able to carry on such activity, which could adversely affect our business, results of operations, cash flows and financial condition. While there have been no instances in the last three fiscal years and the three months ended June 30, 2024, where we failed to obtain regulatory approvals or had our license suspended or cancelled by any regulatory authority, which adversely impacted our operations, we cannot assure you that such instances will not arise in the future.

7. ***We derive a significant portion of our revenues from the sale of protection products, which represented 88.95% of our revenue from operations for Fiscal 2024. Any decline in the demand for our protection products would have an adverse effect on our business, financial condition, results of operations and cash flows.***

We derive a significant portion of our revenues from the sale of protection products. Our personal protection products include bullet resistant jackets, armor plates, ballistic helmets and shields customized for armed forces, police, paramilitary and other security forces, while our platform protection kits provide protection for vehicles, patrol boats, aircrafts and helicopters in combat situations including counter insurgency and anti-terror operations. For further details, see "***Our Business – Our Strengths - Differentiated product portfolio with a focus on performance and reliability***" on page 216. The tables below sets forth details of our revenues from the sale of our products in the years/ periods indicated:

Products	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Amount (₹ million)	**Percentage of revenue from operations**	**Amount (₹ million)**	**Percentage of revenue from operations**	**Amount (₹ million)**	**Percentage of revenue from operations**
Protection products	4,590.73	88.95%	3,238.98	92.32%	3,330.91	90.30%
Ammunition components	570.03	11.05%	269.30	7.68%	357.97	9.70%
Revenue from operations	**5,160.77**	**100.00%**	**3,508.28**	**100.00%**	**3,688.88**	**100.00%**

Products	**For the three months ended June 30, 2024**		**For the three months ended June 30, 2023**	
	Amount (₹ million)	**Percentage of revenue from operations**	**Amount (₹ million)**	**Percentage of revenue from operations**
Protection products	1,373.60	94.23%	460.24	87.59%
Ammunition components	84.07	5.77%	65.19	12.41%
Revenue from operations	**1,457.67**	**100.00%**	**525.42**	**100.00%**

The sale of protection products may decline as a result of, amongst other factors, lower demand for products from our customers, increase in competition, and macro-economic conditions in India or outside India. A decline in demand for protection products would have an adverse impact on our business, results of operations, financial conditions and cash flows. We cannot assure you that any decrease in demand for protection products could potentially be off-set by sales of our ammunition components.

8. ***Our Palwal Manufacturing Facility is subject to operating risks. Any shutdown of our existing manufacturing facilities or other production problems caused by unforeseen events may reduce sales and adversely affect our business, cash flows, results of operations and financial condition.***

As of the date of this Draft Red Herring Prospectus, we primarily manufacture our products at our manufacturing facility at Palwal, Haryana. Any significant social, political or economic disruption, or natural calamities or civil disruptions in Haryana, or changes in the policies of the state or local governments of Haryana or the Government of India, could result in the damage or destruction of a significant portion of our manufacturing abilities, require us to incur significant capital expenditure and change our business strategy. Although we have not experienced any significant disruptions in the region during the three months ended June 30, 2024 and Fiscals 2024, 2023 and

2022, we cannot assure you that such events may not arise in the future. The occurrence of, or our inability to effectively respond to any such event, could have an adverse effect on our business, results of operations, financial condition and cash flows.

Our manufacturing facility is subject to operating risks and we may encounter manufacturing problems or experience difficulties or delays in production as a result of occurrence of the following events or any other events beyond our control:

- forced or voluntary closure of manufacturing facilities, including as a result of regulatory actions or natural and man-made disasters;

- problems with supply chain continuity, including as a result of any pandemic, natural or man-made disasters at our manufacturing facility;

- manufacturing shutdowns, breakdown or failure of equipment, equipment performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities;

- labour disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;

- any changes in the availability of power or water availability which impacts the entire region;

- failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply; and

- changes in political relationships between India and the countries in which we export and local political tensions.

While we have not experienced any of the aforementioned instances resulting in disruption of our operations at our manufacturing facilities in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that such instance will not arise in the future. Disruption in our manufacturing operations may impede our ability to meet the production schedules and requirements of our customers according to their detailed specifications within demanding delivery time frames. Further, we outsource certain operations of our business such as painting and finishing processes, machining, cutting and other manufacturing processes to third parties. Any failure by such third parties to deliver their services could have an adverse impact on our business, results of operations, financial condition and cash flows.

Further, as on June 30, 2024, we had 88 employees. Work stoppages due to strikes or other events could result in slowdowns or closures of our manufacturing operations which could have an adverse effect on our business, cash flows and results of operations. While there has been no instance in the last three Fiscals and three months ended June 30, 2024 where we experienced work stoppages due to strikes or labour unrest that resulted in closure of our operations, we cannot assure you that such instance will not arise in the future.

9. We are unable to trace some of our historical records. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future and that we will not be subject to any penalty imposed by the competent regulatory authority in this regard.

Certain of our Company's corporate records are not traceable. These include:

S. No.	Details of missing corporate records
1.	Form 2 and challan filed pursuant to allotment of equity shares on (i) May 17, 1986 and (ii) July 16, 1986.
2.	Challans filed with Form 2 pursuant to allotment of equity shares on (i) March 31, 1992, (ii) June 15, 1992, and (iii) March 25, 2000.

We have relied on alternative documents such as board resolutions and register of members maintained by our Company. See "***Capital Structure***" on page 88. DPV & Associates LLP, Company Secretaries (LLPIN: AAV8350) has conducted an online and physical search of secretarial and corporate records available with the office of RoC and pursuant to their inspection and independent verification of the documents available/ maintained by our Company, the Ministry of Corporate Affairs at the MCA Portal and the RoC and by way of their report dated October 14, 2024, confirmed the unavailability of such historical records.

We have also, by way of a letter dated October 15 , 2024 intimated the RoC of such untraceable records. While as on the date of this Draft Red Herring Prospectus, no legal proceedings have been initiated against us in relation to such untraceable records, we cannot assure you that we will not be subject to any legal proceedings or regulatory actions, including monetary penalties by statutory authorities on account of any future inadvertent discrepancies in our secretarial filings and/or corporate records in the future, which may adversely affect our business, financial condition and reputation.

10. Our Promoters, who are also our Directors, and certain Key Managerial Personnel are interested in our Company's performance, rental income from leases, royalty fees and amounts received from the assignment of patents in addition to their remuneration and reimbursement of expenses.

Our Promoters, who are also our Directors, are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company or other interests in our Company. For example, our Company has (i) leased a portion of the Palwal Manufacturing Facility at Village Agwanpur, Palwal, Haryana from Dr. Shiv Chand Kansal for a monthly rent of ₹ 0.30 million pursuant to lease deed dated August 1, 2024 executed between our Company and Dr. Shiv Chand Kansal for a term of nine years; (ii) leased office premises situated at Second Floor, No. 48/10, Block E, Okhla Industrial Area Phase II, New Delhi 110 020, Delhi, India, from Dr. Madhu Kansal for a monthly rent of ₹ 0.10 million pursuant to lease deed dated May 13, 2022 executed between our Company and Dr. Madhu Kansal for a term of nine years; (iii) leased office premises situated at M-17, South Extension Part II, New Delhi 110 049, Delhi, India from Dr. Shiv Chand Kansal for a monthly rent of ₹ 5,000 pursuant to lease deed dated April 1, 2024 executed between our Company and Dr. Shiv Chand Kansal for a term of nine years; (iv) leased our corporate office premises situated at SM House, 29, Okhla Industrial Estate, Okhla Phase III, New Delhi 110 020, Delhi, India, from Wiseman Systems Private Limited, one of our Group Companies and a member of the Promoter Group, in which Dr. Shiv Chand Kansal holds 50.00% of share capital for a monthly rent of ₹ 2.00 million pursuant to lease deed dated April 1, 2024, executed between our Company and Wiseman Systems Private Limited for a term of nine years; and (v) leased certain premises at Jind Road, Sangrur, Punjab, India for a monthly rent of ₹ 5,000 per month pursuant to lease deed dated April 1, 2020 executed between our Company and SM Engineering & Consultant, through our Promoter, Dr. Shiv Chand Kansal for a period of 10 years.

Further, pursuant to the agreement to sell dated October 16, 2024, our Company has sold an area being 6,036 square feet on the 12th floor, A wing of Statesman House along with four car parking spaces to our Promoter, Ashish Kansal for an aggregate consideration of ₹ 90.00 million and pursuant to the agreement to sell dated October 16, 2024, our Company has sold an area being 6,889 square feet on the 11th floor, A wing of Statesman House along with five car parking space to our Promoter, Ashish Kansal for an aggregate consideration of ₹ 103.00 million.

Furthermore, pursuant to two patent assignment agreements, each dated October 17, 2024, our Promoter, Asish Kansal has assigned (i) patents granted for protective ballistic helmets, protective band for ballistic helmets, protective ceramic-based ballistic helmet-shaped semi-spherical shell and bidirectional dynamic load distribution system, and patents applied for multi-impact monolithic ballistic armour plate and boltless ballistic shield and shield system thereof for an aggregate consideration of ₹ 800.00 million (based on the valuation as of June 30, 2024, determined through a valuation report dated October 17, 2024); and (ii) patents applied for Sikh helmets (i.e., helmet to accommodate hair bun of our Company), to our Company for an aggregate consideration of ₹ 1.00. Pursuant to the patent assignment agreements, our Company has acquired full right, title, interest and ownership of the granted patents and the underlying inventions from Ashish Kansal. Prior to the Patent Assignment Agreements, our Company paid royalty to Ashish Kansal for the use of the patents covered thereunder pursuant to a royalty agreement dated April 1, 2021 ("**Royalty Agreement**"), pursuant to which our Company paid ₹ 8.71 million and ₹0.37 million as royalty fees during Fiscals 2024 and 2023, respectively to Ashish Kansal.

Further, Padam Chand Jain, our President – Finance and Chief Financial Officer is a designated partner of Amtrak Consultants LLP, which has received the following payments from our Company and Group Companies:

S. No.	Name of the entity	Nature of the company	Nature of transaction	Amount in (₹ million)	
				FY 2023- 2024	FY 2024- 2025
1	SMPP Limited	Company	Consultancy Fee	0.84	0.50
2	Macario Technologies Private Limited	Group Company	Consultancy Fee	Nil	0.30
3	Innovative Techtex Private Limited	Group Company	Consultancy Fee	0.70	Nil

For details see, "***Our Management – Interest of Key Managerial Personnel and Senior Management" on page*** 268. Also, see "***Summary of the Draft Offer Document - Summary of related party transactions***", "***Capital Structure***", "***Our Management - Interest of Directors***" and "***Our Promoters and Promoter Group - Interest of our Promoters***", on pages 24, 88, 257 and 271 respectively.

11. We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions include, among other things, rent payments for leased premises, loans received from directors, remuneration paid to directors, patent/ royalty fee paid to one of our Promoters, Ashish Kansal for patents previously held by him, sale of goods, rent received and purchase of certain raw materials including tex fabric from one of our Group Companies, Innovative Techtex Private Limited and purchase of certain raw materials such as helmet shells, ceramic tiles, double coated fabric (high performance), and chemicals and job work from one of our Group Companies, Macario Technologies Private Limited. For details in regard to such transactions, see "***Summary of the Draft Offer Document - Summary of related party transactions*" and** "***Restated Consolidated Financial Information – Note 40 - Related Party Disclosures***" on pages 24 and 317, respectively.

While all such transactions have been conducted on an arm's length basis and in accordance with the Companies Act, 2013, we cannot assure you that we might not have obtained more favourable terms had such transactions been entered into with unrelated parties. While we shall endeavour to conduct all related party transactions post listing of the Equity Shares subject to the Board's or Shareholders' approval, as applicable, and in compliance with the applicable accounting standards, provisions of Companies Act, 2013, provisions of the SEBI Listing Regulations and other applicable law, such future related party transactions may potentially involve conflicts of interest. While our Company will endeavour to duly address such conflicts of interest as and when they may arise, we cannot assure you that these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, would provide us with the anticipated benefits, not involve a conflict of interest and/or will not have an adverse effect on our business, financial condition and results of operations.

12. We operate in a competitive business environment. Failure to compete effectively against our competitors and new entrants to the industry may adversely affect our business, financial condition and results of operations.

The manufacturing of defence equipment is competitive, and it experiences rapid technological developments and changes in customer requirements. For further details on our competitors, see "***Our Business – Competition*** *" and* "***Industry Overview – Operational Benchmarking***" on pages 239 and 191, respectively. We compete on the basis of our ability to fulfil our contractual obligations including the quality of products and the timely delivery of the products. Our competitors may have substantially greater financial, management, research and marketing resources than we have as a result of which they may be able to utilise their resources and economies of scale to develop improved products, divert sales away from us by winning broader contracts or hire our employees by offering more lucrative compensation packages. Our competitors may be able to provide our customers, including the Government Entities, with different or greater capabilities or benefits than we can provide in areas such as technology, technical qualifications, post contract performance, price and availability of key professional personnel. Our failure to compete effectively with respect to any of these or other factors could have an adverse effect on our business, prospects, financial condition or operating results.

Further, the competitive bidding process entails managerial time to prepare bids and proposals for contracts and may require us to resort to price cuts in order to win contracts which may not be awarded to us or may be split with our competitors. Following an award, we may encounter significant expenses, delays, contract modifications, or even loss of such contract if our competitors protest or challenge contracts that are awarded to us. We cannot assure you that we will be able to compete successfully against our competitors as well as new entrants in our industry in the future. Accordingly, our business, financial condition, results of operations and prospects would be adversely and materially affected if we are unable to maintain our competitive advantage and compete successfully against our competitors and any new entrants in the industry.

13. We have working capital requirements. Any failure in arranging adequate working capital for our operations or furnishing performance bank guarantees may adversely affect our business, results of operations, cash flows and financial condition.

We require working capital to finance the purchase of raw materials, furnish bid bonds or performance guarantee bonds and for the manufacture and other related expenses before payment is received from customers.

We currently meet our working capital requirements through a mix of internal accruals and working capital facilities from banks. Our Company is also required to furnish bank guarantees in the ordinary course of business in relation to the fulfilment of purchase orders, as and when required. Any delays in our billing and settlement process, or delays or defaults in our trade receivables or an increase in inventory and work in progress and/or accelerated payments to suppliers, an increase in bank guarantees requirements or limited advance payments on government contracts could adversely affect our working capital, lower our cash flows and materially increase the amount of working capital requirements. The actual amount and timing of our future working capital requirements may differ from estimates as a result of, among other factors, unforeseen events beyond our control, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, technological changes, revisions to business terms by customers and suppliers and additional market developments and new opportunities in the industries we operate. Further, our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. Our inability to obtain adequate amount of working capital at such terms which are favourable to us and in a timely manner or at all may also have an adverse effect on our results of operations, cash flows and financial condition. Continued increases in our working capital requirements may have an adverse effect on our results of operations, cash flows and financial condition.

14. ***We intend to utilise ₹ 4,370.42 million of the Net Proceeds for funding our capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary, SMPP Ammunition Private Limited. Our funding requirements and proposed deployment of the Net Proceeds are not appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control.***

We intend to use the Net Proceeds from this Offer for the purposes described in "***Objects of the Offer***" on page 102. The objects of the Offer comprise (i) financing the capital expenditure towards construction of buildings and procurement of plant and machinery at the Planned Ammunition Manufacturing Facility of our Subsidiary, SMPP Ammunition Private Limited; and (ii) general corporate purposes. In relation to the construction of our Planned Ammunition Manufacturing Facility, the total cost of this project is estimated to be ₹ 4,469.79 million. We have relied on the plant establishment agreements entered into with RWMSA dated October 10, 2024 for supply and installation of plant and machinery for the Ammunition Project, as disclosed in *"**Objects of the Offer- Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary**"* on page 105; (c) work order dated September 20, 2023 issued to Oasis Construction, Shimla, Himachal Pradesh, India, quotations received from Innerspace.inc, New Delhi, Delhi, India dated October 1, 2024 and Arcade, Noida, Uttar Pradesh, India dated September 25, 2024; and (d) the detailed project report dated October 16, 2024 for the Planned Ammunition Manufacturing Facility obtained from Khyati Enterprises (acting through its proprietor, Pradeep Kumar, chartered engineer) in relation to the Ammunition Project ("**Project Report**"). However, such fund requirements and deployment of funds have not been appraised by any bank, financial institution or any other independent agency. We have not placed any other orders for the Planned Ammunition Manufacturing Facility as on the date of this Draft Red Herring Prospectus, and we cannot assure you that such orders will be placed in a timely manner. In the event of any delay for placing these orders, the proposed schedule, implementation and deployment of the Net Proceeds may be extended or varied accordingly.

There is no assurance that the actual costs incurred in relation to constructing our Planned Ammunition Manufacturing Facility will be similar to and not exceed the amounts indicated in each of the Plant Establishment Agreement. For further details, see "***Objects of the Offer – Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary***" on page 105. In particular, if we are unable to procure the requisite plant and machinery or set up the manufacturing and testing facilities through RWMSA, there is no assurance that we will be able to identify alternative vendor to provide us the facilities that satisfy our requirements at acceptable prices and in a timely manner. Our inability to undertake manufacturing work at acceptable prices or in a timely manner, may result in an increase in the cost of Planned Ammunition Manufacturing Facility, the proposed scheduled implementation and deployment of the Net Proceeds may be extended or may vary accordingly, thereby resulting in an adverse effect on our business, prospects and results of operations.

Furthermore, the completion of Planned Ammunition Manufacturing Facility is also dependent on the performance of RWMSA. If the performance of RWMSA is inadequate, it may result in incremental cost and time overruns which could adversely affect our business and results of operations. Although we have not experienced any material delays in the commencement of operations at our other facility, there is no assurance that delays will not occur in the future. Such delays may be caused by events beyond our control and may affect our ability to complete the Planned Ammunition Manufacturing Facility in accordance with the proposed schedule of implementation, which could have an adverse impact on our growth, prospects, cash flows and financial condition.

Further, the Project Report provides that there may be inter alia (i) time and cost overrun in relation to completion and operationalisation of Planned Ammunition Manufacturing Facility, (ii) risks in relation to obtaining required approvals from governmental authorities in a timely manner, (iii) technological risks, (iv) force majeure events, etc. The above-mentioned issues may arise due to lack of availability of funds, improper implementation, dependence on the vendor regarding raw materials. Further, if the required government approvals are not obtained in a timely manner, it can cause delay in initiating production or installation of manufacturing unit, in relation to Planned Ammunition Manufacturing Facility.

15. We have experienced negative cash flows from operating activities in the three months ended June 30, 2023 and Fiscal 2024 and we may continue to have negative cash flows in the future which could have an adverse effect on our business, results of operations and cash flows.

We have had negative cash flows from operating activities in the three months ended June 30, 2023 and Fiscal 2024, details of which are set out below:

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Cash generated by/ (used in) operating activities (₹ million)	1,800.71	(549.21)	(890.46)	713.87	881.51

For further details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows – Operating Activities***" on page 366. We cannot assure you that we will be able to generate positive cash flow from operating activities in the future.

16. Our Company is involved in certain outstanding legal and regulatory proceedings. Any adverse decision in such proceedings may have an adverse effect on our business, financial condition, cash flows and results of operations.

There are outstanding legal and regulatory proceedings involving our Company which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management's time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, continuity of our management, business, cash flows, financial condition and results of operations. The summary of such outstanding material legal and regulatory proceedings as on the date of this Draft Red Herring Prospectus is set out below:

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material civil litigation	Aggregate amount involved (₹ in million)*
Company						
By the Company	1^	Nil	Nil	Nil	Nil	NA
Against the Company	Nil	11	Nil	Nil	1	220.40
Subsidiary						
By the Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil
Against the Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil
Directors						
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Promoters						
By Promoters	Nil	Nil	Nil	Nil	Nil	Nil

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material civil litigation	Aggregate amount involved (₹ in million)*
Against Promoters	Nil	Nil	Nil	Nil	Nil	Nil

* *To the extent ascertainable and quantifiable.*

^ *Represents a criminal application filed by our Company in connection with material civil proceeding instituted by MKU Limited. See, "**Outstanding Litigation and other Material Developments – Litigation involving our Company – Litigation against our Company – Material civil proceedings.**" on page 374.*

Further, as on the date of this Draft Red Herring Prospectus, there are no pending litigation proceedings involving any of our Group Companies which will have a material impact on our Company.

We cannot assure you that any of these matters will be settled in favour of our Company or that no additional liability will arise out of these proceedings. Further, we cannot assure you that there will be no new legal and regulatory proceedings involving our Company, Subsidiary, Promoters or Directors in the future. An adverse outcome in any of these proceedings may have an adverse effect on our business, financial position, prospects, cash flows, results of operations and our reputation. For further information, see "***Outstanding Litigation and Other Material Developments***" on page 373.

17. There have been certain instances of delays in payment of statutory dues by us in the past. Any delay in payment of statutory dues by us in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows.

We are required to pay certain statutory dues including provident fund contributions under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, employee state insurance contributions under the Employees' State Insurance Act, 1948, professional tax, tax deduction at source ("**TDS**"), labour welfare fund, GST and income tax. The table below sets forth the details of the delays in statutory dues payable by us:

Statutory Dues	Due Date	Payment Date	Number of Days Delay	Amount delayed which has been paid (₹)	Interest Paid (₹)
TDS	October 7, 2023	October 28, 2023	21	36,550.00	2,195.00
TDS	November 7, 2023	November 28, 2023	21	19,76,853.25	2,229.00

Note: These delays were primarily due to technical issues and administrative errors, amongst others.

We cannot assure you that we will not be subject to such penalties and fines in the future for delays in payment of statutory dues, which may have an adverse impact on our business, results of operations, financial condition and cash flows.

18. The loss of certain independent certification and accreditation of our products and the manufacturing practices that we have adopted could harm our business.

We obtain and maintain quality certifications and accreditations from independent certification entities in connection with the products we manufacture. For instance, we were awarded three body armor certifications – National Institute of Justice (NIJ) 0101.06 (ballistic resistant body armor), BIS 17051:2018 (bullet resistant ballistic vests) and BA 9000 (body armor quality management system). In addition, we have the ISO 9001:2015 (quality management systems), ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management system and environmental management system) certifications for our operations. Obtaining and maintaining these accreditations are critical to our products to be eligible for certain customers, such as the NIJ certification for the U.S. markets. Further, if we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products and manufacturing practices, or if we are otherwise unable to obtain such quality accreditations in the future, in a timely manner or at all, our business prospects and financial performance will be adversely affected. While we have not experienced any instances where we failed to obtain quality certifications and accreditations which had an adverse impact on our business, results of operations, financial condition or cash flows, we cannot assure you that such instances will not arise in the future.

19. ***We export our protection products to various countries and our revenue from outside India represented 7.60%, 21.04%, 38.97% and 24.10% of our revenue from operations for the three months ended June 30, 2024 and Fiscals 2024, 2023 and 2022, respectively. Any adverse events affecting these countries could have an adverse impact on our business, revenue operations, financial condition and cash flows.***

We commenced exporting our protection products in 2008 and have supplied our products to customers across 23 countries between April 1, 2021 and June 30, 2024. The table below sets forth details of the customers served outside India and revenue generated from such customers in the years/ periods indicated:

Particulars	**As of/ for the three months ended June 30,**		**As of/ For the year ended March 31,**		
	2024	**2023**	**2024**	**2023**	**2022**
Revenue from customers located outside India (₹ million)	110.77	401.40	1,085.64	1,367.32	889.11
Revenue from customers located outside India as a percentage of the total revenue from operations	7.60%	76.39%	21.04%	38.97%	24.10%

Any change in law, regulations and policies in foreign jurisdictions where we sell our products or plan to sell our products may have an adverse impact on our business, financial condition, cash flows and results of operations. Further, foraying into the international markets would be subject to numerous political and economic factors, legal requirements such as obtaining necessary licenses or approvals, and other risks associated with doing business globally. Therefore, we may not be able to expand our export business, which could have an adverse effect on our business, financial condition and results of operations. For instance, in order to sell our products in foreign jurisdictions, we are required to obtain a no-objection certificate ("**NOC**") from the Ministry of Defence, Government of India ("**Ministry of Defence**"). The export of our products are permitted only if authorised by the Ministry of Defence. While there have been no instances in the three months ended June 30, 2024 and last three Fiscals where the Ministry of Defence had rejected our applications seeking approvals for exports, we cannot assure you that in future we will receive NOC to sell our products in foreign jurisdictions or continue sales to such foreign jurisdictions, which may impact our business, financial condition, cash flows and results of operations.

Further, since we do not have established offices and dedicated sales presence overseas, we may from time to time engage third parties to represent us and enable our participation in tenders issued in overseas jurisdictions. Since such engagements are typically on an ad-hoc and non-exclusive basis, there is no assurance that such representatives will enable our effective participation in and/or our securing of award of such tenders. If we are unsuccessful in securing such tenders, our exports, and thereby our business, financial condition and results of operations may be adversely impacted.

20. ***Our past performance may not be indicative of our future growth. An inability to effectively manage our growth, implement our strategies and expansion plan may have an adverse effect on our business prospects and future financial performance.***

We have experienced stable growth over the past three Fiscals. However, we cannot assure you that our growth strategy will be successful or that we will be able to continue to expand further, or at the same rate. The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. These include integrating our ammunition components business to capitalize on global demand and favourable government procurement policies, increasing revenue through product exports, focusing on innovation and design, diversifying our portfolio, and expanding our business offerings through inorganic growth. For details in relation to our strategies, see "***Our Business – Our Strategies***" on page 219. The table below sets forth details of our revenue from operations and profit in the years/ periods indicated:

Particulars	**For the three months ended June 30, 2024**	**For the three months ended June 30, 2023**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
			(₹ million)		
Revenue from operations	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Restated profit for the year/ period	425.93	92.12	1,465.26	926.08	877.35

Our ability to achieve our growth strategies will be subject to a range of factors, including our ability to identify market opportunities and demands in the industry, introduce new products, compete with existing companies in our markets, consistently exercise effective quality control and hire and train qualified personnel. Many of these factors are beyond our control and we cannot assure you that we will succeed in implementing our strategies. Our inability to manage our business and implement our growth strategy could have a material adverse effect on our business, financial condition and profitability.

21. ***Certain of our Group Companies, Innovative Techtex Private Limited and Macario Technologies Private Limited are engaged in similar line of business activities as those undertaken by our Company, which may result in conflict of interest and may have an adverse effect on our reputation, business and results of operations.***

Our Group Companies, Innovative Techtex Private Limited and Macario Technologies Private Limited are engaged in the same line of business activities as those undertaken by our Company. Further, we source certain raw materials including tex fabric from Innovative Techtex Private Limited and obtain certain raw materials such as helmet shells, ceramic titles, double coated fabric (high performance), chemicals and job work from Macario Technologies Private Limited. For details in regard to such transactions, see "***Restated Consolidated Financial Information – Note 40 - Related Party Disclosures***" and "***Our Group Companies - Business interests***" on pages 317 and 383, respectively. Any such present and future conflicts may have an adverse effect on our reputation, business and results of operations.

Further, one of our Promoters, Ashish Kansal together with his relatives, owns, and holds a directorship in, Innovative Techtex Private Limited and Macario Technologies Private Limited which are engaged in the same line of business activities as those undertaken by our Company, which may result in a conflict of interest. Any conflict of interest that may occur as a result could adversely affect our business, financial condition, results of operations and cash flows. Our Company will adopt necessary procedures and practices as permitted by law to address any situations of conflict of interest, if and when they arise.

22. ***Our expansion into medium and large calibre ammunition for the armed forces may expose us to new challenges and more risks, particularly due to our lack of prior experience in manufacturing these types of ammunition.***

We currently manufacture defence equipment including ammunition components, and protection products (consisting of personal protection products and protection kits for land, air and sea platforms). Our ammunition component offerings currently comprise combustible cartridge cases, which we have been manufacturing for tank and artillery ammunition since 1992. we are in the process of setting up our Planned Ammunition Manufacturing Facility ("**Ammunition Project**"), through investment in our Subsidiary, SMPP Ammunition Private Limited, to manufacture ammunition for the army. We intend to commence the manufacturing of ammunition of 155 mm caliber at the Planned Ammunition Manufacturing Facility, for use in military applications such as artillery. We intend to eventually expand our production to include other large and medium caliber ammunition, which can be undertaken by minor adjustments to the plant and equipment proposed for the Ammunition Project. For further details, see "***Our Business – Our Strategies - Forward integrating our ammunition components business to capitalize on the global demand for ammunition and the favourable Government procurement policy*" on page 219 and "*Objects of the Offer - Financing the capital expenditure towards procurement and installation of plant and machinery at the Planned Ammunition Manufacturing Facility of our Subsidiary, SMPP Ammunition Private Limited***" on page 105.

Given that we do not have prior experience in the manufacturing of ammunition products, we cannot assure you that our proposed expansion will be successful, particularly since our competitors may have more experience and a deeper understanding of this segment. We may also find it more difficult to hire, train and retain qualified employees for operating in this business. We cannot assure you that our medium and large caliber ammunition products will achieve market acceptance. Any failure to successfully manufacture and market our products could adversely affect our business, financial condition, cash flows and results of operations. Further, we may not be able to identify the risks involved in relation to manufacturing of such products and therefore could fail to achieve timely fulfilment of our orders and the quality requirement of our products. We may also face difficulty in understanding the demand and supply patterns, marketing segments for such products which may pose a risk in the smooth operation, and working of our proposed manufacturing facility. In the event that we fail to understand the market operations and the risks related to the same, our business, financial performance and cash flows may be affected.

23. ***We have entered into a licensing agreement with a defence research organization in India for transfer of technology for bullet proof jackets for improved protection to our Company's products. We cannot assure you that such agreement will not be terminated or discontinued.***

We have entered into a licensing agreement with a defence research organization in India for transfer of technology for bullet proof jackets for improved protection, to our Company for the purposes of manufacturing, sale and supply to Indian armed forces and other government agencies (Central and State) in India for a period of 10 years from July 31, 2018. We cannot assure you that this agreement will not be terminated or discontinued with or without cause, or that we would be able to successfully develop the intended products or that such products once developed will be commercialized feasibly. Any termination of such agreements or failure to develop the desired products thereunder or commercialize such products could adversely impact our business, results of operations, financial condition and cash flows.

24. ***If we fail to protect or incur significant costs in defending our intellectual property or if we infringe the intellectual property rights of others, our business, results of operation and financial condition could be adversely affected.***

As of the date of this Draft Red Herring Prospectus, we had registered one trademark under class 9 with the Registrar of Trademarks under the Trademarks Act, 1999. Further, as of the date of this Draft Red Herring Prospectus, we have four patents granted in India and one patent granted in the United States of America and we have applied for four patents in India and one patent each in Thailand and Philippines which are pending approval. We have four designs granted in India and two designs applications pending in India. For further details, see "***Government and Other Approvals – Intellectual Property***" and ***"Outstanding Litigation and Other Material Developments - Litigation involving our Company - Litigation against our Company- Material civil proceedings"*** on pages 381 and 374, respectively. Our future success depends, in part, on our ability to protect these intellectual property and other proprietary rights that we may develop. We rely primarily on patents, trademarks and unfair competition laws, as well as other contractual provisions, to protect our intellectual property and other proprietary rights. Despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property or otherwise gaining access to our technology. If we fail to protect our intellectual property and other proprietary rights, then our business, results of operation and financial condition could be adversely affected. In addition, any claims, with or without merit, could be time consuming and expensive, and could divert our management's attention away from the execution of our business plan. While we have not experienced any instances of infringement of our registered trademark, designs or patents in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that such instances will not occur in the future.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights. Any claims of intellectual property infringement from third parties, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. As a result of such infringement claims, we could be required to pay third party infringement claims, alter our technologies, obtain licenses or cease some portions of our operations. For instance, MKU Limited filed a civil suit against our Company on February 27, 2023 before the High Court of Delhi, alleging that our Company has infringed designs registered by MKU Limited under the Designs Act, 2000, and patents under the Patents Act, 1970, in its ballistic helmets developed for Sikh soldiers in the Indian armed forces and other security forces. MKU Limited has sought permanent injunction against our Company, restraining our Company from infringing MKU Limited's registered designs and patents in relation to MKU's helmets; passing off the shape of MKU Limited's helmets as its own. The matter is currently pending. For further details, see, "***Outstanding Litigation and other Material Developments – Litigation involving our Company – Litigation against our Company – Material civil proceedings.***" on page 374.

25. ***The tenders awarded in the past and the tenders that have been awarded but not yet executed, may not be indicative of the number of tenders we will be awarded in future.***

As of June 30, 2024, we had ₹ 2,202.48 million in tenders that were awarded to us and were yet to be executed, comprising ₹ 2,072.96 million for protection products and ₹ 129.52 million for ammunition components. Additionally, as of June 30, 2024, we had submitted bids for tenders amounting to ₹ 13,843.56 million, which were yet to be awarded, including ₹ 13,132.21 million for protection products and ₹ 711.35 million for ammunition components. For further information regarding the value of tenders we submitted and the ones we were awarded during the last three Fiscals and in the three months June 30, 2024, see "***Our Business – Business Operations –***

Tenders" on page 229. The tenders awarded to us but not yet executed are subject to, among other things, cancellation due to any breach of our contractual obligations, non-payment by our customers, delays in the initiation of our production, unanticipated variations or adjustments in the scope and schedule of our obligations for reasons outside our control or change in budget appropriations particularly affecting our GoI customers. We cannot guarantee that the income anticipated from these tenders will be realised, or, if realised, will be realised on time or result in profits. The tenders awarded to us in the past may not be indicative of tenders that we will be awarded to us in the future. While none of our tenders awarded to us in the past have been cancelled or terminated prematurely in the last three Fiscals and the three months ended June 30, 2024, we cannot assure you that tenders awarded to us will not be cancelled or terminated prematurely in the future. Further, we cannot guarantee you that the tenders for which we have submitted bids will be awarded to us. Further, the tenders for which we have submitted bids are subject to, among other things, the possibility of not meeting the criteria set by the tendering authorities and changes in their requirements or priorities. Even if our bids are successful, there may be delays in the awarding process.

26. We have incurred indebtedness and an inability to obtain further financing or to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition.

We have entered into financing arrangements with various lenders to fund our working capital requirements. As of August 31, 2024, we had non fund - based working capital facilities of ₹ 849.26 million which consist of non fund-based working capital facilities. Further, our Subsidiary has incurred additional debt of ₹ 1,000 million through the bridge loan obtained for the Planned Ammunition Manufacturing Facility. Our ability to obtain financing is subject to a variety of uncertainties, including our financial condition, results of operations, cash flows and liquidity of global capital and lending markets. Further, financing may not be available in a timely manner or in amounts or on terms acceptable to us, or at all. Further, if we are required to raise equity financing, this could result in dilution to our Shareholders. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to generate sufficient cash flows to service such debt. Any additional indebtedness we incur may have consequences, including, requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes, including capital expenditure and reducing our flexibility in planning for or reacting to changes in our business, competition pressures and market conditions.

Our financing arrangements include conditions that require us to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions including altering our capital structure, further issuance of any Equity Shares, transfer of Equity Shares, change in our shareholding pattern, changing the management including changes in the key managerial personnel or senior management of the Company, dilution of Promoters' shareholding, alteration in the constitutional documents and creation of security. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. As of the date of this Draft Red Herring Prospectus, we have received all consents required from our lenders in connection with the Offer.

In terms of security, we have provided security by way of, inter alia, first pari passu charge over the Company's present and future current assets including all fixed assets, plant, machinery and equipment, first charge on equitable mortgage being factory land and building of the manufacturing facility located at Palwal, Haryana, charge over our fixed deposits, and personal guarantee provided by some of our Company's Promoters, Dr. Shiv Chand Kansal and Dr. Madhu Kansal. We may also be required to furnish additional security if required by our lenders. Additionally, these financing agreements also require us to maintain certain financial ratios. While there has been no breach of such covenants in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that we will be able to comply with these financial or other covenants at all times or that we will be able to obtain the consent necessary to take the actions that we believe are required to operate and grow our business. Further, there has been no re-scheduling/ re-structuring in relation to borrowings availed by us from any financial institutions or banks in the last three Fiscals and three months ended June 30, 2024.

Further, we are susceptible to changes in interest rates and the risks arising therefrom. The interest rates of the working capital facilities of our Company are primarily linked to the benchmark rates, such as the marginal cost of lending rate (MCLR). The interest rates applicable to the fund-based facilities are 0.85% above the six months MCLR. For non-fund based facilities, our bank guarantees bear commissions typically ranging from 0.33% to 0.65% per annum, while letters of credit bear commissions typically ranging from 0.35% to 0.50% per annum. For further information on the interest charged under our financing agreements, see "***Financial Indebtedness – Key terms of borrowings***" on page 343.

27. ***Our operations involve activities and materials which are hazardous in nature and could result in a suspension of operations, injury to our personnel, emission of pollutants and/or the imposition of civil or criminal liabilities which could adversely affect our business, results of operations, cash flow and financial condition.***

Certain operations at our manufacturing facilities can cause accidents during the manufacturing process resulting in serious injuries or death of employees or other persons, if improperly handled, and cause damage to our properties or equipment and the properties of others or to the environment. Despite ensuring that employee safety manuals covering employee safety and environmental procedures are in place and that hazard identification and risk assessments with respect to our operations are periodically carried out, our operations are subject to significant hazards, including explosions, fires, mechanical failures and other operational problems, inclement weather and natural disasters, discharges or releases of hazardous substances and other environmental risks. In Fiscal 2022, 2023 and 2024, we experienced a total of 5, 4 and 2 accidents in our manufacturing facilities, respectively, which caused minor injuries to employees. We cannot assure you that such accidents will not occur in the future.

The occurrence of any of these hazards could result in a suspension of operations and/or the imposition of civil or criminal liabilities. We may also face claims and litigation, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations, cash flows and financial condition could be adversely affected. Further, our customers may require us to invest in additional safety protocols which impose incremental expenses and may impact our ability to operate at optimum efficiencies. Any such action by any of our customers may adversely impact our business, results of operations, cash flows and financial condition.

28. ***We depend on our senior management and qualified and skilled personnel with technical expertise, and if we are unable to recruit and retain senior management, qualified and skilled personnel, our business and our ability to operate or grow our business may be adversely affected.***

We are led by our Promoters Dr. Shiv Chand Kansal has 33 years of experience in the defence manufacturing industry, Dr. Madhu Kansal has 33 years of experience in the defence manufacturing industry and Ashish Kansal has 20 years of experience in the defence manufacturing industry. In addition, our Senior Management and Key Managerial Personnel have significant experience in operations and have contributed to the growth of our business. For further details, see "***Our Management***" on page 252.

Our future performance would depend on the continued service of our Promoters, Senior Management, Key Managerial Personnel, qualified and skilled personnel with technical expertise, and the loss of any senior employee and the inability to find an adequate replacement may impair our relationship with key customers and our level of technical expertise, which may adversely affect our business, cash flows, financial condition, results of operations and prospects. Our future success, amongst other factors, will depend upon our ability to continue to attract, train and retain qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that are capable of helping us develop products and support key customers and products. We may therefore need to increase compensation and other benefits in order to attract and retain personnel in the future, which may adversely affect our business, financial conditions, cash flows and results of operations.

The market for qualified professionals is competitive and we may not continue to be successful in our efforts to attract and retain qualified people. The specialised skills we require in our industry are difficult and time-consuming to acquire and, as a result, are in short supply. Our inability to hire, train and retain a sufficient number of qualified personnel could delay our ability to bring new products to the market and impair the success of our operations. We may also be required to increase our levels of employee compensation and benefits more rapidly than in the past to remain competitive in attracting skilled personnel. This could have an adverse effect on our business, financial conditions, cash flows and results of operations.

The following table sets forth the attrition rate in the years/ periods indicated:

Particulars	**As of/ for the three months ended June 30, 2024**	**As of/ for the three months ended June 30, 2023**	**As of/ for the year ended March 31, 2024**	**As of/ for the year ended March 31, 2023**	**As of/ for the year ended March 31, 2022**
Number of Employee	88	73	79	69	61
Number of Employees Exited	3	2	10	6	11
Attrition Rate*	15.16%	11.75%	13.51%	9.23%	18.49%

* *Attrition rate is calculated as number of exits divided by average number of employees in the relevant year/ period.*

For further details regarding the employees, see "***Our Business – Human Resources***" on page 239.

29. We have power and fuel requirements and any disruption to power or fuel sources could increase our production costs and adversely affect our business, financial condition, cash flows and results of operations.

We require power and fuel for our operations. The following table sets forth below our power and fuel expenses in the years/ periods indicated:

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million, except percentages)				
Power and fuel expenses	49.83	57.91	200.96	149.27	160.20
Power and fuel expenses as a percentage of total expenses	5.46%	13.37%	5.92%	6.16%	6.18

We purchase utilities for our operations from the state electricity boards and also source electricity requirements from diesel generator sets. In case the cost of electricity from state electricity boards is increased significantly and we are not able to pass on such increase to our customers, our cost of production and profitability will be adversely affected. Interruptions of electricity supply can result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. Any significant increase in power price or increased interruptions may require us to add captive power generation capacity which will lead to incremental capital expenditure which may adversely impact our results from operations. If energy costs were to rise, or if electricity supplies or supply arrangements were disrupted, our business and results from operations will be adversely impacted.

30. We are subject to counterparty credit risk and any delay in receiving payments or non-receipt of payments from our customers could have an adverse effect on our business, results of operations, financial condition and cash flows.

Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of uncertainty regarding the receipt of such outstanding amounts. Any delay in receiving payment or default on their payment obligations to us, could lead to an increase in our receivables. Further, payments from government entities may be subject to delays, due to regulatory scrutiny and procedural formalities. Any significant delay in receiving payment or non-receipt of payments from our customers may adversely affect our business, results of operations, financial condition and cash flows. While we have not experienced any instances of significant delays in receiving payments which had an impact on our business, results of operations, financial condition and cash flows in the last three Fiscals and the three months ended June 30, 2024, we cannot assure you that such instance will not arise in the future.

31. Our operations are dependent on research and development ("R&D"), thus our inability to introduce new products and respond to changing customer preferences in a timely and effective manner, may have an adverse effect on our business, results of operations and financial condition.

Our focus on R&D has been critical to our success and has helped us develop an extensive range of personal protection products and armor kits. We are focussed on product innovation based on customer requirements and considering factors such as terrain adaptability and user comfort which allows us to develop new and differentiated products and respond to evolving industry trends and sector and our customers' preferences. We intend to further diversify our product portfolio through our R&D initiatives. We are focused on investing in technology, equipment and skilled workforce with the aim of delivering high-quality, innovative and technology-driven products in response to customer requirements thereby strengthening our relationships with our customers across a range of product categories. Our future growth may depend in part on our ability to respond to technological advancement and emerging standards, and practices on a cost-effective and timely basis. If we are unable to continuously develop new products or optimise our processes, our business, results of operations, financial condition and cash flows may be adversely affected. Further, delays in any part of the process, our inability to obtain necessary regulatory approvals for our products or failure of a product to be successful at any stage of its development will result in our inability to timely offer products that satisfy the market, which might allow competing products to emerge during the development and certification process and could adversely affect our business. Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause existing and potential customers to purchase our competitors' products. Though we strive to align our solutions with requirements of our customers, there can be no assurance that we will be able to secure the necessary knowledge through our own in-house product development that will allow us to continue to develop our offerings in accordance with the requirements of our customers and industry trends.

32. Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage which may impact on our financial condition, cash flows and results in operations.

We maintain insurance cover for our properties, including building, furniture and fixture, plant machinery stock and stock in process, raw material stock, bundled car policy, private car package policy insurance and insurance of stock of raw material, plant and machinery and finished goods including bullet resistant items. We also maintain a public liability act policy to cover product liability risk and insurance policies covering directors' and officers' liability. For further information on the insurance policies availed by us, see "***Our Business – Insurance***" on page 239. These insurance policies are generally valid for one year and are renewed yearly. We cannot assure you that the renewal of our insurance policies in the future will be granted in a timely manner, at acceptable cost or at all.

We could face liabilities or otherwise suffer losses should any unforeseen incident such as malfunction or failure of manufacturing equipment, natural disaster, fire, flood, and accidents affect our manufacturing facility, Corporate Office, or Registered Office. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part, on time, or at all. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, cash flows, financial condition and results of operations could be adversely affected. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. The following table sets forth details of coverage of our insurance policies against the total insurable assets in the years/ periods indicated:

Particulars	**As of / for the three months ended June 30, 2024**		**As of / for the three months ended June 30, 2023**	
	Amount (₹ million)	**Percentage of the Total Insurable Assets***	**Amount (₹ million)**	**Percentage of the Total Insurable Assets***
Coverage of Insurance Policies	502.82	52.67%	500.05	90.54%

**Insurable assets include net block of property, plant and equipment (excluding freehold land) and inventories.*

Particulars	**As of / for the year ended March 31, 2024**		**As of / for the year ended March 31, 2023**		**As of / for the year ended March 31, 2022**	
	Amount (₹ million)	**Percentage of the Total Insurable Assets***	**Amount (₹ million)**	**Percentage of the Total Insurable Assets***	**Amount (₹ million)**	**Percentage of the Total Insurable Assets***
Coverage of Insurance Policies	502.82	35.24%	500.05	187.41%	685.12	197.34%

**Insurable assets include net block of property, plant and equipment (excluding freehold land) and inventories.*

33. Exchange rate fluctuations may adversely affect our business, financial conditions, cash flows and results of operations.

Our financial statements are presented in Indian Rupees. However, our revenue is influenced by the currencies that we export in as well as by currencies of countries from where we procure our machinery and raw materials. Our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, especially USD, EURO and CNY, may have an adverse impact on our results of operations, cash flows and financial condition. While we have a foreign exchange risk management policy to identify, assess, monitor and manage foreign exchange risks, we cannot assure you that our measures will adequately protect our business operations, financial conditions, results of operations and cash flows from the full effects of exchange rate fluctuations. Failure to hedge effectively against exchange rate fluctuations may adversely affect our business operations, financial conditions, results of operations and cash flows. While we have not experienced any instance in the last three Fiscals and three months ended June 30, 2024 wherein our failure of hedging foreign exchange risks had a material adverse impact on our results of operations, financial condition and cash flows, we cannot assure you that such instance will not arise in the future.

34. We have certain contingent liabilities that have been disclosed in our financial statements, which if they materialize, may adversely affect our results of operations, cash flows and financial condition.

As of June 30, 2024, our contingent liabilities that have been disclosed in our Restated Consolidated Financial Information, were as follows:

S. No.	Particulars	Amount (₹ million)*
1.	Income Tax	3.48
2.	GST	41.77
3.	Civil Cases	20.51
Total		**65.76**

**Other than above:-*

a) Our Company received a notice under Section 133(6) of the Income-tax Act, 1961 for the assessment year 2022 dated May 7, 2024 for implication on taxable income amounted ₹ 14.20 million related to rent on plant & machinery. Our Company submitted a reply dated May 23, 2024 submitting that our Company did not let out any plant & machinery but instead have let out the building on rent. We are awaiting response awaited from respective authority.

b) Our Company received a demand cum show cause notice dated September 30, 2022, alleging fraudulent availment of input tax credit of ₹ 158.06 million. The amount of ₹ 154.64 million was voluntarily debited by our Company on July 30, 2021 through ledger utilized (cash/credit). Since our Company has contested the charges, our Company received show cause notice dated August 8, 2024 under Section 74 alleging availment and passing of the fake input tax credit of ₹ 158.06 million. Our Company has filed a reply dated August 5, 2024 for adjournment.

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, cash flows, financial condition and results of operations. Furthermore, we cannot assure you that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future. For further information of contingent liability as at June 30, 2024 as per Ind AS 37, see "***Restated Consolidated Financial Information – Note 37. Contingent liabilities***" on page 314.

35. If we do not continue to innovate or we are not able to keep pace with technological developments, we may not remain competitive, which in turn, could have an adverse effect on our business and results of operations.

Our operations rely on the effectiveness of our products. To remain competitive, we must continue to stay abreast of the constantly evolving trends and to enhance and improve the responsiveness, functionality and features of our products. Our focus on R&D has enabled us to develop a range of personal protection products and armor kits. We are focussed on product innovation based on customer requirements and considering factors such as terrain adaptability and user comfort. Our R&D team works closely with our business development teams to identify new products, enhancements or complementary features in our current products in order to capitalise on opportunities. The industry in which we operate is characterized by rapid technological evolution and changes in customer requirements, which could render our existing technologies obsolete. Our success will depend, in part, on our ability to identify, develop, acquire leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. We cannot assure you that we will be able to use new technologies effectively or adapt technologies to meet customer requirements or emerging industry standards. See "***- Our operations are dependent on research and development ("R&D"), thus our inability to introduce new products and respond to changing customer preferences in a timely and effective manner, may have an adverse effect on our business, results of operations and financial condition.***" on page 50.

Further, the process of innovation and development requires that we make long-term investments and commit resources before knowing whether these investments will eventually result in businesses that achieve customer acceptance and generate the revenues required to provide desired returns. We cannot assure you that such products will be readily accepted in the market, become commercially successful or that our competitors will not be able to produce similar products at a lower price than we can, which would have an adverse effect on our products' competitive position. If we are unable to achieve the anticipated returns in such new growth areas, it could have a material adverse effect on our business, results of operations and financial condition. For details, see "***Our Business – Our Strategies***" on page 219.

36. Our Company has entered into cooperation and joint product development agreements with third parties, which may not result in successful outcomes, and further, breach thereof may cause us reputational harm.

In April 2023, we entered into a cooperation agreement with Rheinmetall Denel Munition RF (Proprietary) Limited ("**RDM**") which is engaged in the design, development and manufacture of large and medium caliber ammunition and artillery, mortar and infantry systems. Pursuant to this agreement, we aim to collaborate with RDM and pursue opportunities in connection with process development, product development and market development and sales of artillery and mortar ammunition production as well as setting up an ammunition manufacturing facility and plant and engineering services and capability establishments. Additionally, our Company has also entered into two joint product development agreements with third party manufacturers in India to develop individual protective systems that integrate electronic components with ballistic parts, including bullet proof jackets, helmets and ballistic goggles We cannot assure you that there will be successful collaborations or opportunities pursuant to any of these agreements. Further, any breach of terms of the agreements could lead to us losing our relationship with RDM or other parties. Any such adverse actions against us may also impact our overall reputation and may deteriorate our relationship with RDM and other parties. While there have not been any breaches under any of these agreements as of the date of this Draft Red Herring Prospectus, we cannot assure you that such instance will not occur in future, which may adversely impact our revenues, financial condition, business prospectus and results of operations.

37. Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.

We propose to utilize the Net Proceeds towards financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility through investment in our Subsidiary, SMPP Ammunition Private Limited and general corporate purposes. For further details of the proposed objects of the Offer, see "***Objects of the Offer***" on page 102. Further, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of the competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, we cannot undertake variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the approval of the Shareholders through a special resolution. In the event of any such circumstances that require us to vary the disclosed utilization of the Net Proceeds, we may not be able to obtain the approval of the Shareholders in a timely manner, or at all. Any delay or inability in obtaining such approval of the Shareholders may adversely affect our business or operations. Further, our Promoters would be required to provide an exit opportunity to the shareholders of our Company who do not agree with our proposal to modify the objects of the Offer, at a price and manner as prescribed by SEBI.

Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders of our Company may deter our Promoters from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that our Promoters of our Company if applicable, will have adequate resources at their disposal at all times to enable them to provide an exit opportunity. In light of these factors, we may not be able to vary the objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, which may adversely affect our business, financial conditions, cash flows and results of operations.

38. Fraud, employee misconduct or similar incidents may adversely affect our results of operations and cash flows.

Fraud or misconduct by our employees such as leaking of confidential information in relation to our contracts, unauthorized business transaction, bribery, breach of any applicable law or our internal policies could result in regulatory actions and litigation thereby creating an adverse impact on our business, reputation, results of operations, financial condition and cash flows. Although we have controls in place with respect to the handling of such cases, we may be unable to prevent, detect or deter all such instances of misconduct. While there have been no instances in the last three Fiscals and the three months ended June 30, 2024 of any such fraud or misconduct committed by our employees, we cannot assure you that our employees will not commit any fraud or other misconduct in the future. Further, we may not be able to identify non-compliance and suspicious transactions in a timely manner. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have an adverse effect on our business and reputation.

39. Technology failures could disrupt our operations and adversely affect our business operations and financial performance.

Our IT systems are vital to our business and we have adopted IT policies to assist us in our operations. The key functions of our IT team include establishing and maintaining enterprise information systems and infrastructure services to support our business requirements, maintaining secure enterprise operations through, among others, risk assessment and incident management policies. We have implemented security measures intended to prevent unauthorised access to our information technology system, such measures may not detect or prevent all attempts to compromise our systems, including viruses, malicious software, break-ins, phishing attacks, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of users information, or a denial of service or other interruption to our business operations. While we have not experienced any instances of security breaches in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that such instance will not arise in the future.

40. We may undertake acquisitions which may have an adverse effect on our ability to manage our business, and such undertakings may be unsuccessful.

We may consider opportunities for inorganic growth, such as through acquisitions or strategic collaborations, if, among other things, they help us enter new markets, consolidate our market position in existing business verticals, unlock potential efficiency and synergy benefits, strengthen and expand our product portfolio, enhance our depth of experience, knowledge-base and know-how. We intend to evaluate opportunities to expand our presence and supply our products in Latin America, the European Union, the Middle East and the Asia Pacific regions. For further details, see "***Our Business – Our Strategies - Inorganically grow our business offerings***" on page 221. While our Company has not made any acquisitions in the past, any future acquisitions may expose us to new operational, regulatory, market and geographic risks as well as risks associated with additional capital requirements as well as other considerable risks, including:

- our inability to integrate new operations, personnel, products, services and technologies;
- unforeseen or hidden liabilities, including exposure to lawsuits associated with newly acquired companies;
- the diversion of resources from our existing businesses;
- failure to comply with laws and regulations as well as industry or technical standards of the overseas markets into which we may expand;
- our inability to generate sufficient revenues to offset the costs and expenses of such acquisitions or strategic investment; and
- potential loss of, or harm to employees or customer relationships.

Any of these events could disrupt our ability to manage our business, which in turn could have an adverse effect on our financial condition, cash flows and results of operations. Such risks could also result in our failure to derive the intended benefits of the acquisitions, and we may be unable to recover our investment in such initiatives.

41. Information relating to our annual installed capacity and the historical capacity utilization of Palwal Manufacturing Facility included in this Draft Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.

The information relating to the annual installed capacity and capacity utilisation of our Palwal Manufacturing Facility included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account by the independent chartered engineer, Khyati Enterprises, in the calculation of our capacity. These assumptions and estimates include standard capacity calculation practice in the defence industry and capacity of other ancillary equipment installed at the Palwal Manufacturing Facility. Assumptions and estimates taken into account for measuring installed capacity include 312 working days in a year at one shift per day operating for eight hours a day.

Our production capabilities are fungible and consequently, our production output may vary significantly based on the specific nature of the products being manufactured. Further, actual production levels and capacity utilization rates may vary significantly from the annual installed capacity of our facility. Undue reliance should therefore not be placed on our capacity information or historical capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus. For information regarding capacity of our manufacturing facilities, see "***Our Business – Installed Capacity, Available Capacity, Actual Production and Capacity Utilisation***" on page 234.

42. Our Promoters and members of our Promoter Group will continue to hold a significant equity stake in our Company after the Offer and their interests may differ from those of the other shareholders.

As on the date of this Draft Red Herring Prospectus, our Promoters and members of the Promoter Group collectively hold 100.00% of the paid-up equity share capital of our Company. For further information on their shareholding pre and post-Offer, see "***Capital Structure***" on page 88. After the completion of the Offer, our Promoters along with the members of Promoter Group will continue to collectively hold majority of the shareholding in our Company and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders' approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditure or any other matter requiring special resolution. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of our Promoters and the members of the Promoter Group could conflict with our interests or the interests of our other shareholders. We cannot assure you that the Promoters or the members of the Promoter Group will act to resolve any conflict of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business. For further information in relation to the interests of our Promoters in the Company, see "***Our Promoters and Promoter Group***" and "***Our Management***" on pages 270 and 252, respectively.

43. Certain sections of this Draft Red Herring Prospectus disclose information from the industry report titled "Defence Industry Report" which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.

We have availed the services of an independent third-party research agency, 1Lattice, appointed by our Company pursuant to an engagement letter dated August 8 , 2024, to prepare an industry report titled "*Defence Industry Report*" dated October 17, 2024, for purposes of inclusion of such information in this Draft Red Herring Prospectus to understand the industry in which we operate. Our Company, our Promoters, our Directors and our Book Running Lead Managers are not related to 1Lattice. This 1Lattice Report has been commissioned by our Company exclusively in connection with the Offer for a fee. This 1Lattice Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Further the commissioned report is not a recommendation to invest or divest in our Company. Prospective investors are advised not to unduly rely on the commissioned report or extracts thereof as included in this Draft Red Herring Prospectus, when making their investment decisions.

44. Our Corporate Office and a portion of our manufacturing facility are not located on land owned by us and we have only leasehold rights. In the event we lose or are unable to renew such leasehold rights, our business, financial condition and results of operations may be adversely affected.

Our Corporate Office and a portion of our manufacturing facility are not located on land owned by us and we have only leasehold rights. The table below sets forth details of a portion of our manufacturing facility and Corporate Office which are held by us on leasehold basis:

S No.	Purpose	Location	Leased/ Owned
1.	Manufacturing facility	Village Agwanpur, Palwal, Haryana	A portion on a leasehold basis from Dr. Shiv Chand Kansal for a monthly rent of ₹ 0.30 million pursuant to lease deed dated August 1, 2024 executed between our Company and Dr. Shiv Chand Kansal for a term of nine years
2.	Corporate Office	SM House, 29, Okhla Phase III, Okhla Industrial Estate, New Delhi, - 110 020, Delhi India	On a leasehold basis from one of our members of the Promoter Group entities, namely, Wiseman Systems

S No.	Purpose	Location	Leased/ Owned
			Private Limited, in which Dr. Shiv Chand Kansal holds 50.00% of share capital for a monthly rent of ₹ 2.00 million pursuant to lease deed dated April 1, 2024, executed between our Company and Wiseman Systems Private Limited for a term of nine years
3.	Office space	Second Floor, No. 48/10, Block E, Okhla Industrial Area Phase II, New Delhi 110 020, Delhi, India,	On a leasehold basis from Dr. Madhu Kansal for a monthly rent of ₹ 0.10 million pursuant to lease deed dated May 13, 2022 executed between our Company and Dr. Madhu Kansal for a term of nine years
4.	Office space	M-17, South Extension Part II, New Delhi 110 049, Delhi, India	On a leasehold basis from Dr. Shiv Chand Kansal for a monthly rent of ₹ 5,000 pursuant to lease deed dated April 1, 2024 executed between our Company and Dr. Shiv Chand Kansal for a term of nine years.

Further, we are in the process of establishing a manufacturing facility in Solan, Himachal Pradesh to manufacture ammunition for the army. Pursuant to a lease deed dated March 1, 2024, we have been allotted certain industrial land admeasuring approximately 3,237,600 sq. mts. (approximately 800 acres) on a leasehold basis for a period of 95 years.

We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations and financial condition. If we are unable to renew these leases or relocate on commercially suitable terms, it may have an adverse effect on our business, results of operation and financial condition.

45. The premises of our Planned Ammunition Manufacturing Facility are located within Himachal Pradesh, Department of Industries, premises. If we are unable to comply with conditions of use of such land or otherwise renew existing leases for such manufacturing facilities, we may have to relocate our operations which may have an adverse impact on our business, financial condition and operations.

Our Planned Ammunition Manufacturing Facility is located on land which has been directly leased from the Himachal Pradesh, Department of Industries. The Government of Himachal Pradesh has allotted the land to our Subsidiary, SMPP Ammunition Private Limited for the purposes of manufacturing of different types of ammunition, at a nominal rate of ₹ 1 per square meter, subject to completion of certain conditions within stipulated timelines, including commencement of commercial production and achievement of investment thresholds as set out under the lease deed dated March 1, 2024, subject to the conditions therein including the widening of the approach road to the specified width by the Government of Himachal Pradesh, Department of Industries . While such timelines may be relaxed/extended in accordance with the terms of the lease deed dated March 1, 2024, if we fail to commence commercial production within the stipulated timelines, we may be required to pay premium of ₹ 400 per square meter for the Proposed Land. Further, we are also required to obtain its approval for certain corporate actions, such as availing a loan for the proposed development on the allotted land. In the event we fail to comply with the terms and conditions stipulated, the HP Industrial Investment Policy, reserves the right to resume the plot and deduct a certain percentage of the price of the plot and forfeit the amount of interest and penalty paid on instalments. Furthermore, according to the statutory rules under which the Himachal Pradesh, Department of Industries, premises, function, HP Industrial Investment Policy, also retain the power to take back possession of the land in case of non-compliance with terms and conditions.

If allotment of such land is terminated, we would need to relocate the Planned Ammunition Manufacturing Facility to a different location, which would disrupt our operations and involve additional costs and which could have a material adverse effect on our business, financial condition, results of operations and cash flows, particularly given the large area of land required for the Planned Ammunition Manufacturing Facility. Further, there is no assurance that we would be able to receive the subsidies and concessions that we have received in relation to the land allotted to us.

46. Our inability to effectively utilize our manufacturing capacities could have an adverse effect on our business, results of operations, financial condition and cash flows.

As on the date of this Draft Red Herring Prospectus, we manufacture our products at our manufacturing facility at Palwal, Haryana, India. For details of installed capacity and capacity utilization for the three months ended June 30, 2023 and June 30, 2024 and Fiscals 2024, 2023 and 2022, see "***Our Business - Installed Capacity, Actual Production and Capacity Utilisation***" on page 234. Our ability to maintain our profitability depends on our ability to maintain high levels of capacity utilization. Capacity utilization is affected by our ability to accurately forecast customer demand, to carry out uninterrupted operations, the availability of raw materials, and industry/ market conditions. In the event there is a decline in the demand for our products, or if we face prolonged disruptions at our manufacturing facility including due to interruptions in the supply of water, electricity or as a result of labour unrest, or are unable to procure sufficient raw materials, we would not be able to effectively utilise our manufacturing capacities, which could have an adverse effect on our business, financial condition and cash flows. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, could materially and adversely impact our business, future prospects, future financial performance and cash flows.

47. There has been instance of delay in appointment of our whole-time Company Secretary. Such delays may result in the imposition of penalties and in turn may have an adverse effect on our reputation.

The Companies Act mandates that a private limited company having paid up share capital of ₹ 100 million or more is required to appoint a whole-time company secretary, which became applicable to our Company on November 24, 2023. Our Company has appointed Sachin Jain as the Company Secretary on August 17, 2024. As at the date of this Draft Red Herring Prospectus, there are no outstanding penalty imposed on our Company by the Ministry of Corporate Affairs. However, we cannot assure you that there will not be any delays in the future. Any delay in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition and reputation of our Company.

48. Our failure to keep our technical knowledge confidential could erode our competitive advantage.

We possess technical knowledge about our products and manufacturing know-how. Our technical knowledge i.e., knowledge of our manufacturing processes and related aspects, is an asset that may not be sufficiently protected by intellectual property rights. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run. Certain technical knowledge may be leaked, either inadvertently or wilfully. Some of our employees have access to confidential processes and product and customer information. Moreover, certain of our employees may leave us and join our various competitors. While the appointment letters issued to our employees typically contain confidentiality clauses, we cannot assure you that we will be able to successfully enforce such provisions. In the event the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the sectors we operate in could be harmed. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Any leakage of confidential technical information in the future could have an adverse effect on our business, results of operations, financial condition and future prospects. While we have not encountered any instances of confidential information regarding our manufacturing operations, products, or customers being leaked in the last three Fiscals and three months ended June 30, 2024, we cannot assure you that such instances will not arise in the future.

49. Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin (%), PAT Margin (%), Net Debt, Net Debt to EBITDA (in times), Return on Equity (%), Cash Conversion Cycle (in days), Capital employed, Return on Capital employed (%), Net fixed assets turnover ratio (in times), Net Asset Value per equity share have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance.

These Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

50. If we are unable to establish and maintain an effective internal controls and compliance system, our business and reputation could be adversely affected.

We are responsible for establishing and maintaining adequate internal control measures commensurate with the size and complexity of operations. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that our operations adhere to our policies, compliance requirements and internal guidelines. We periodically test and update our internal processes and systems and there have been no instances of failure to maintain effective internal controls and compliance system in the last three Fiscals and three months ended June 30, 2024. However, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

We take reasonable steps to maintain appropriate procedures for compliance and disclosure and to maintain effective internal controls over our financial reporting so that we produce reliable financial reports and prevent financial fraud. As risks evolve and develop, internal controls must be reviewed on an ongoing basis. Maintaining such internal controls requires human diligence and compliance and is therefore subject to lapses in judgment and failures that result from human error. Any lapses in judgment or failures that result from human error can affect the accuracy of our financial reporting, resulting in a loss of investor confidence and a decline in the price of our equity shares.

51. Our ability to access capital at attractive costs depends on our credit ratings. Non-availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business, financial conditions, cash flows and results of operations.

The cost and availability of capital depends on our credit ratings. The following table sets forth our details of credit rating received from April 1, 2021 until the date of this Draft Red Herring Prospectus:

Rating Agency	Instruments	Credit Rating	Date
ICRA	Bank Facilities	Long term – Fund Based – A+ Short term – Non-Fund Based - A1+ Long term/short term – Unallocated limites – A+/A1+	June 28, 2024
ICRA	Bank Facilities	Long term – Fund Based – A+ Short term – Non-Fund Based - A1 Long term/short term – Unallocated limites – A+/A1	March 24, 2023
ICRA	Bank Facilities	Long term – Fund Based – A Short term – Non-Fund Based - A1 Long term/short term – Unallocated limites – A/A1	December 14, 2021
ICRA	Bank Facilities	Long term – Fund Based – A- Short term – Non-Fund Based – A2+ Long term/short term – Unallocated limites – A- /A2+	

Credit ratings reflects the opinion of the rating agency on our management, track record, diversified clientele, increase in scale and operations and margins, medium term revenue visibility and operating cycle.

While we have not experienced downgrading in our credit ratings received recently, including in the last three Fiscals and three months ended June 30, 2024, any downgrade in our credit ratings or our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings, could increase borrowing costs, will give the right to our lenders to review the facilities availed by us under our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows.

52. ***Our Company will not receive any proceeds from the Offer for Sale. Our Promoter Selling Shareholder will receive the proceeds from the Offer for Sale.***

The Offer comprises of a Fresh Issue and an Offer for Sale by the Promoter Selling Shareholder. Our Promoter Selling Shareholder shall be entitled to the entire proceeds from the Offer for Sale (net of his portion of the Offer-related expenses) and we will not receive any proceeds from the Offer for Sale. For further information, see "***The Offer***" and "***Objects of the Offer***" on pages 71 and 102, respectively.

53. ***Grants of stock options under our employee stock option scheme may result in a charge to our profit and loss account and, to that extent, reduce our profitability and financial condition.***

The ESOP Scheme was approved pursuant to the resolution passed by our Board on October 5, 2024, and the resolution passed by our Shareholders' on October 5, 2024. Under Ind AS, the grant of employee stock options results in a charge to our profit and loss statement over the period of vesting, based on the difference between the fair value of our Equity Shares determined at the date of grant and the exercise price. Future expenses in relation to our ESOP grants under the ESOP Scheme will result in an adverse effect on our results of operations for this period. For details of the ESOP Scheme implemented by our Company, see "***Capital Structure – Employee stock option scheme***" on page 100.

54. ***We have not incurred certain required portions of our profits towards corporate social responsibility ("CSR") requirements under the Companies Act, 2013.***

The Companies Act, 2013 stipulates the requirement of formulation of a corporate social responsibility policy and mandates our Board of Directors to ensure that our Company spends, in each Fiscal, at least two percent of the average net profits of our Company during the three immediately preceding Fiscals, in accordance with its CSR policy. The following table sets forth the details with respect to the gross amount required to be spent and total amount spent towards the CSR activities in the years/ periods indicated:

Particulars	**As at/ for the year ended March 31, 2024**	**As at/ for the year ended March 31, 2023**	**As at/ for the year ended March 31, 2022**
Opening balance (₹ million)	-	6.82	8.24
Amount required to be spent during the year/ period	19.65	14.28	7.45
Total amount spent during the year/ period (₹ million)	1.93	3.39	6.77
Amount transferred CSR Unspent A/c (from Foundation)	17.72	17.70	2.10
Closing balance (₹ million)	-	-	6.82

We may be subject to imposition of notices or penalties under the Companies Act, 2013 from the Ministry of Corporates Affairs, Government of India for non-compliance in relation to our CSR expenditure, which could adversely affect our reputation and business.

55. ***Our Company has issued Equity Shares during the last twelve months at a price which may be lower than the Offer Price.***

We have, in the 12 months preceding the filing of this Draft Red Herring Prospectus, issued Equity Shares at prices that may be lower than the Offer Price. See '***Capital Structure – Notes to Capital Structure – Issue of equity shares at a price lower than the Offer Price in the last one year***' on page 92. The price at which our Company has issued the Equity Shares in the past is not indicative of the price at which they will be issued or traded.

56. ***We are subject to anti-corruption and anti-money laundering laws and regulations. We may face criminal liability and other serious consequences for violations if occur in the future, which can harm our business.***

- Our operations are subject to anti-corruption laws that generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We are, therefore, exposed to the risk that our employees may engage in fraudulent or other illegal activity in violation of these laws. It is not always possible to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations.

Enforcement of anti-corruption laws has increased substantially in recent years, with more frequent voluntary self-disclosures by companies, aggressive investigations and enforcement proceedings by governmental agencies, and assessment of significant fines and penalties against companies and individuals. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted. Any alleged or actual violations of these regulations may subject us to government scrutiny, severe criminal or civil sanctions, and could adversely affect our business, reputation, operating results, cash flows and financial condition.

57. Any restrictions under the Foreign Direct Policy ("FDI Policy") or delay in receiving approvals would adversely affect our business, operations and financial conditions.

Under the current FDI Policy, infusion of fresh foreign investment up to 49%, in a company engaged in the defence sector (as prescribed) not seeking industrial license or which already has government approval for FDI, will need to submit a declaration with the Ministry of Defence in cases of: (a) change in equity/shareholding pattern; or (b) transfer of stake by existing investor to new foreign investor, within a period of 30 days of such change. Any proposal for raising FDI beyond 49% from such companies shall require government approval. In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instrument Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 49% under the automatic route and government approval route beyond 49%). Any delay or denial of approval to increase the sectoral cap in the future would create an adverse impact on our business, operations and financial conditions. Further, these approvals granted to us may be revoked at any point of time due to circumstances which may or may not be within our control and this could have an adverse impact on our business and operations. Moreover, any further restrictions of the FDI policy impacting our industry would also restrict our foreign investment opportunities thereby creating an adverse impact on our business, operations and financial conditions.

58. Any variation in any policies of the Government of India in the defence sector may have an adverse impact on our business, results of operations, financial condition and cash flows.

The Government of India has implemented significant reforms in the defence sector, with a strong commitment to minimizing foreign dependence and building a robust domestic defence manufacturing base. The Government has introduced numerous policies under the 'Make in India' initiative and the 'Atmanirbhar' vision, introducing reforms to promote the indigenous design, development and manufacturing of defence equipment in the country, thereby reducing reliance on defence imports. The Ministry of Defence has introduced the SRIJAN portal to drive indigenization within the defence sector and over 30,000 previously imported items have been listed on the portal, inviting Indian manufacturers to participate in their production. The Ministry of Defence has set a target of achieving 70% self-reliance in weaponry by 2027, opening up substantial opportunities for industry stakeholders. Further, in July 2024, the Department of Defence Production, Ministry of Defence notified the fifth Positive Indigenisation List consisting of several items that will now only be procured from Indian manufacturers. *(Source: 1Lattice Report)* We have historically derived a substantial portion of our revenue from India. The following table sets forth our revenues from operations in India, including as a percentage of our revenue from operations in the years/ periods indicated:

Particulars	**For the three months ended June 30, 2024**	**For the three months ended June 30, 2023**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Revenues from India (₹ million)	1,346.63	124.02	4,075.06	2,139.64	2,794.03
Revenues from India as a percentage of total revenue from operations	92.38%	23.60%	78.96%	60.99%	75.74%

We cannot assure that the Government of India will continue to undertake such reforms in the future and any variation in any policy of the Government will have an adverse impact on our business, results of operations, financial condition and cash flows.

External Risk Factors

59. The determination of the Price Band is based on various factors and assumptions and the Offer Price, price to earnings ratio and market capitalization to revenue multiple based on the Offer Price of our Company, may not be indicative of the market price of the Company on listing or thereafter.

Our revenue from operations for the three months ended June 30, 2024 and Fiscal 2024 was ₹ 1,457.67 million and ₹ 5,160.77 million, respectively. Further, restated profit for the year for the three months ended June 30, 2024 and Fiscal 2024 was ₹ 425.93 million and ₹ 1,465.26 million, respectively. The table below sets forth details of our price to earnings ratio and market capitalization to revenue from operations at the upper end of the Price Band:

Particulars	Price to Earnings Ratio	Market Capitalization to Revenue
For the three months ended June 30, 2024	[●]	[●]
For Fiscal 2024	[●]	[●]

**To be populated at Prospectus stage.*

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company in consultation with the BRLMs. The relevant financial parameters based on which the Price Band will be determined shall be disclosed in the advertisement that will be issued for the publication of the Price Band. Further, the Offer Price of the Equity Shares is proposed to be determined on the basis of assessment of market demand for the Equity Shares offered through the book-building process prescribed under the SEBI ICDR Regulations, and certain quantitative and qualitative factors as set out in the section "***Basis for Offer Price***" on page 122 and the Offer Price, multiples and ratios may not be indicative of the market price of the Company on listing or thereafter.

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares.

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the defence industry we operate in, developments relating to India, announcements by third parties or governmental entities of significant claims or proceedings against us, volatility in the securities markets in India and other jurisdictions, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. As a result, we cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing. Further, the market price of the Equity Shares may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price.

60. Changing laws, rules and regulations in India could lead to new compliance requirements that are uncertain.

Our business, financial performance, cash flow and results of operations could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. Our business, cash flows, results of operations and prospects may be adversely impacted, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. The regulatory and policy environment in which we operate are evolving and are subject to change. The Government of India may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that hazardous into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

For instance, the Government of India has recently introduced the Code on Social Security, 2020 ("**Social Security Code**"); the Occupational Safety, Health and Working Conditions Code, 2020; the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labour legislations (collectively, the "**Labour Codes**"). The Government of India has deferred the effective date of implementation of the respective Labour Codes, and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. For instance, under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government) of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund. In another example, the Government of India has made it mandatory for business establishments with turnover above a certain size to offer digital modes of payment from November 2019, with no charges being levied on the consumers or the merchants by banks and payment service providers. Such measures could adversely impact our income streams in the future and adversely affect its financial performance. Further, pursuant to the Finance (No.2) Act of 2024, notified on August 16, 2024, the Government of India has introduced new income tax slabs, an increase in standard deduction and an increase in the deduction available in respect of private sector employer's contribution to National Pension Scheme from 10% to 14% of the salary of the concerned employees. There is no certainty on the impact of the full union budget on tax laws or other regulations, which may adversely affect our business, financial condition, results of operations or on the industry in which we operate.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows, financial condition and prospects. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our financial conditions, cash flows and results of operations.

61. Any failure to comply with sanctions administered by the United States or other governments could adversely affect our business and reputation.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Although we endeavor to conduct our activities in compliance with applicable laws and regulations, we cannot assure you that persons and/or entities with whom we may engage in future transactions will not become the subject of sanctions-related prohibitions or restrictions, or that sanctions will not be imposed on the persons with whom we currently engage or countries in which we currently conduct business. The imposition of such sanctions on countries or persons with whom we transact may adversely affect our business and results of operations. Our failure to successfully comply with applicable sanctions may expose us to adverse legal and business consequences, including civil or criminal penalties, government investigations, and reputational harm.

62. Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics and man-made disasters, including acts of war, terrorist attacks and other events such as political instability, including strikes, demonstrations, protests, marches or other types of civil disorder, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19. As a result, any future outbreak of a contagious disease could have an adverse effect on our business and the trading price of the Equity Shares.

63. A downgrade in ratings of India and other jurisdictions we operate in may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any further adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

64. We may be affected by competition laws in India, the adverse application or interpretation of which could adversely affect our business.

The Competition Act, 2002, of India, as amended ("**Competition Act**"), was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India ("**CCI**") to prevent such practices. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition ("**AAEC**") is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of consumers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. In the event we pursue an acquisition in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects. The manner in which the Competition Act and the CCI affect the business environment in India may also adversely affect our business, financial condition, cash flows and results of operations.

The Competition (Amendment) Act, 2023 ("**Competition Amendment Act**") was notified on April 11, 2023, which amends the Competition Act and give the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia*, modifies the scope of certain factors used to determine AAEC, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position. We have not experienced any instances wherein we were subject to any penalty or received any notice from the CCI in the last three Fiscals and three months ended June 30, 2024, we cannot assure you such instances will not arise in the future.

65. Financial and political instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States of America, Europe and certain emerging economies in Asia. In particular, the ongoing military conflicts between Russia and Ukraine and in West Asia could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility and trade restrictions could result in increased volatility in the markets for certain securities and commodities and may cause inflation. Any worldwide financial instability including possibility of default in the US debt market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects.

These developments, or the perception that any of them could occur, have had and may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have an adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

66. The Indian tax regime has undergone substantial changes which could adversely affect our business and the trading price of the Equity Shares.

Any change in Indian tax laws could have an effect on our operations. The Government of India has implemented two major reforms in Indian tax laws, namely the Goods and Services Tax ("**GST**"), and provisions relating to general anti-avoidance rules ("**GAAR**"). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime continues to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any substantial precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the Government of India has amended the Income-tax Act, 1961 ("**IT Act**") to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the Company is required to withhold tax on such dividends distributed at the applicable rate.

The Government of India announced the union budget for Financial Year 2024-2025, following which the Finance Bill, 2024 ("**Finance Bill**") was introduced in the Lok Sabha on February 1, 2024. Subsequently, the Finance Bill received the assent from the President of India and became the Finance Act, 2024, with effect from April 1, 2024 ("**Finance Act**"). Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether if at all, any laws or regulations would have an adverse effect on our business. Further, any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. In addition, we are subject to tax related inquiries and claims.

67. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers thereby reducing our margins.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business, results of operations, cash flows and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

68. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

The Restated Consolidated Financial Information are derived from our special purpose interim audited consolidated financial statements as at and for the three months ended June 30, 2024 and June 30, 2023, our audited consolidated financial statements as at and for the year ended March 31, 2024 and special purpose consolidated financial statements as at and for the years ended March 31, 2023 and March 31, 2022, prepared in accordance with the Indian Accounting Standards and the Companies Act read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and the other relevant provisions of the Companies Act. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

69. Pursuant to listing of the Equity Shares, we may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

On listing, we may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Offer due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

70. Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, profit after tax available for distribution, cash flows, working capital requirements and capital expenditure and the terms of our financing arrangements.

Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of the Board and will depend on a number of factors, including but not limited to, internal factors such as earning stability, past dividend trends, cashflow, organic growth and expansion, profitability of our Company during the period under consideration and external factors, including but not limited to the macro-economic environment, market conditions, regulatory changes and technological changes or statutory and contractual restrictions. our Company operates. Additionally, we may retain all our future earnings, if any, for any proposed or ongoing or planned business expansion or for any other purposes which may be considered by the Board subject to compliance with the provisions of the Companies Act. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company's shareholders in future consistent with our past practices, or at all. We have not declared any dividends on the Equity Shares during the last three Fiscals and from April 1, 2024, until the date of this Draft Red Herring Prospectus. For information pertaining to dividend policy, see "***Dividend Policy***" on page 264.

71. The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. Our Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares. There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after the Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including, among others:

- the failure of analysts to cover the Equity Shares after the Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our Shareholders;
- investor perception of us and the industry in which we operate;
- changes in accounting standards, policies, guidance, interpretations of principles;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations; and
- the public's reaction to our press releases and adverse media reports.
- A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

72. ***Investors may be subject to Indian taxes arising out of income arising on the sale and dividend on the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on equity shares sold on an Indian stock exchange. Any capital gains exceeding ₹100,000, realized on the sale of listed equity shares on a recognised stock exchange, held for more than 12 months may be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT. Further any capital gains realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess), without indexation benefits.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less immediately preceding the date of transfer, will be subject to short-term capital gains tax in India at the rate of 15% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain realised upon the sale of the Equity Shares. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

73. ***Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited with the Equity Shares within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment and transfer of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately three Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within three Working Days of the Bid Closing Date. There could be a failure or delay in the listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

74. ***Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. Any disposal of Equity Shares by our Promoters or major shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

75. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all. Further, due to possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

The Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and subsequently converted into appropriate foreign currency for repatriation. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the Government of India may be obtained, if at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "***Restrictions on Foreign Ownership of Indian Securities***" on page 434. Also, see "***-Any restrictions under the Foreign Direct Policy ("FDI Policy") or delay in receiving approvals would adversely affect our business, operations and financial conditions.***" on page 60.

76. Qualified Institutional Buyers and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the submission of their Bid, and Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion are not permitted to withdraw their Bids after closure of the Bid/ Offer Closing Date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within three Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment.

Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid / Offer Period and withdraw their Bids until Bid / Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within three Working Days from the Bid / Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

77. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offer document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced and they may suffer future dilution of their ownership.

78. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder of our Company than as a shareholder of an entity in another jurisdiction.

79. Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

80. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the takeover regulations in India, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

81. A slowdown in economic growth in other countries and jurisdictions, such as Europe, China and the United States, could cause our business to suffer.

The Indian financial markets and economy are influenced by market and economic conditions in other countries, including conditions in the United States, Europe, and certain emerging economies in Asia. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and us. Furthermore, concerns relating to trade wars between large economies such as the United States of America and China may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there still remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets.

SECTION III – INTRODUCTION

THE OFFER

The following table summarises details of the Offer:

Offer(1)(2)	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 40,000 million
of which:	
Fresh Issue(1)	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 5,800 million
Offer for Sale(2)	[●] Equity Shares of face value of ₹2 each, aggregating to ₹ 34,200 million
The Offer consists of:	
Employee Reservation Portion(6)	[●] Equity Shares of face value of ₹2 each, aggregating up to ₹ [●] million
Net Offer	[●] Equity Shares of face value of ₹2 each, aggregating to ₹ [●] million
The Net Offer consists of:	
A. QIB Portion(3)(5)	Not less than [●] Equity Shares of face value of ₹2 each
Of which:	
Anchor Investor Portion	[●] Equity Shares of face value of ₹2 each
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value of ₹2 each
Of which:	
Mutual Fund Portion (5% of the Net QIB Portion)	[●] Equity Shares of face value of ₹2 each
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares of face value of ₹2 each
B. Non-Institutional Portion(4)(5)	Not more than [●] Equity Shares of face value of ₹2 each
Of which:	
One-third of the Non-Institutional Category available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000	[●] Equity Shares of face value of ₹2 each
Two-third of the Non-Institutional Category available for allocation to Bidders with an application size of more than ₹ 1,000,000	[●] Equity Shares of face value of ₹2 each
C. Retail Portion	Not more than [●] Equity Shares of face value of ₹2 each
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus)	600,000,000 Equity Shares of face value of ₹2 each
Equity Shares outstanding after the Offer	[●] Equity Shares of face value of ₹2 each
Use of Net Proceeds	See "***Objects of the Offer***" on page 102 for details regarding the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

(1) *Our Board of Directors has authorised the Offer pursuant to their resolution dated September 29, 2024. Our Shareholders have authorised the Fresh Issue pursuant to their special resolution dated September 29, 2024. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.*

(2) *Our Board of Directors has taken on record the authorisation for the Offer for Sale by the Promoter Selling Shareholder pursuant to its resolution dated October 13, 2024. The Promoter Selling Shareholder has authorized the inclusion of the Offered Shares in the Offer for Sale pursuant to his letter dated October 13, 2024. The Promoter Selling Shareholder has confirmed that the Offered Shares are eligible for being offered for sale in the Offer in compliance with Regulation 8 and 8A of the SEBI ICDR Regulations. Further, the Promoter Selling Shareholder confirms compliance with and will comply with the conditions specified in the SEBI ICDR Regulations, to the extent applicable. See "**Summary of the Draft Offer Document**" and "**Other Regulatory and Statutory Disclosures**" on pages 20 and 385,*

respectively.

(3) *Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. Further, 5% of the Net QIB 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 Offer Price. However, if the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately the QIB Bidders (other than Anchor Investors) in proportion to their Bids. See "**Offer Procedure**" on page 413.*

(4) *Not more than 15% of the Net Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion.*

(5) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange subject to applicable law. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in "**Terms of the Offer – Minimum Subscription**" on page 406.*

(6) *Eligible Employees Bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion after allocation of up to ₹ 500,000 (net of Employee Discount, if any), shall be added to the Net Offer. Our Company, in consultation with the BRLMs, may offer a discount of [●] % on the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees Bidding in the Employee Reservation Portion which shall be announced atleast two Working Days prior to the Bid/Offer Opening Date. See "**Offer Procedure**" and "**Offer Structure**" on pages 413 and 408, respectively.*

Pursuant to Rule 19(2)(b) of the SCRR, the Offer is being made for at least [●]% of the post-Offer paid-up Equity Share capital of our Company, and the Net Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company. Allocation to all categories of Bidders shall be made in accordance with SEBI ICDR Regulations. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. The allocation to each Non-Institutional Investor shall not be less than the minimum non-institutional application size, subject to availability of Equity Shares in the Non-Institutional Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII to the SEBI ICDR Regulations. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. See "***Offer Structure***", "***Terms of the Offer***" and "***Offer Procedure***" on pages 408, 402 and 413, respectively.

SUMMARY FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with "***Restated Consolidated Financial Information***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 275 and 346, respectively. The following tables set forth summary financial information derived from our Restated Consolidated Financial Information.

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SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Restated Statement of Consolidated Asset & Liabilities
(All amounts are Rs. in Millions, unless otherwise stated)

PARTICULARS	As at 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
I. Assets					
(1) Non- Current Assets					
(a) Property Plant & Equipment	231.53	231.14	236.56	240.25	271.57
(b) Capital Work in Progress	21.00	0.33	9.64	-	-
(c) Investment Property	28.74	30.21	29.09	30.58	32.14
(d) Right of use of Assets	147.84	6.64	5.90	6.73	4.42
(e) Financial Assets					
(i) Other Financial Assets	12.44	8.33	11.66	8.10	6.78
(f) Deferred Tax Assets (net)	15.72	19.98	12.90	12.26	10.22
Total Non Current Assets	**457.27**	**296.63**	**305.75**	**297.92**	**325.13**
(2) Current Assets					
(a) Inventories	761.47	354.83	1,227.49	60.27	91.91
(b) Financial Assets					
(i) Trade Receivables	729.95	914.79	1,847.11	815.87	123.11
(ii) Cash and Cash Equivalents	42.94	96.26	4.40	187.07	759.01
(iii) Bank Balances other than (ii) above	3,845.62	2,199.44	2,074.34	2,645.82	1,254.69
(c) Current Tax Assets (Net)	-	42.27	1.93	2.22	-
(d) Other Current Assets	80.18	102.17	133.62	50.33	137.79
Total Current Assets	**5,460.16**	**3,709.76**	**5,288.89**	**3,761.58**	**2,366.51**
Total Assets	**5,917.43**	**4,006.39**	**5,594.64**	**4,059.51**	**2,691.64**
II. Equity & Liabilities					
(1) Equity					
(a) Equity Shares Capital	400.00	2.00	400.00	2.00	2.00
(b) Other Equity	4,710.21	3,311.79	4,287.78	3,213.50	2,287.46
Equity attributable to shareholders of the company					
(c) Non controlling interest	0.00	0.00	0.00	0.00	0.00
Total Equity	**5,110.21**	**3,313.79**	**4,687.78**	**3,215.50**	**2,289.46**
(2) Liabilities					
Non-Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	-	-	-	-	-
(ii) Lease Liabilities	130.47	3.33	1.77	2.64	3.42
(iii) Other Financial Liabilities	8.85	7.64	8.69	7.73	6.74
(b) Provisions	4.40	3.79	4.23	3.64	2.88
(c) Other Non Current Liabilities	6.19	7.15	6.45	7.10	8.09
Total Non-Current Liabilities	**149.91**	**21.91**	**21.14**	**21.11**	**21.13**
Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	36.08	-	22.55	-	-
(ii) Lease Liabilities	22.08	0.30	1.20	1.20	1.20
(iii) Trade Payables					
- Total outstanding dues of Micro and Small Enterprises and	15.28	2.17	128.44	27.63	2.06
- Total outstanding dues of Creditors other than Micro and Small Enterprises	259.81	317.71	368.05	224.08	232.42
(iv) Other Financial Liabilities	21.34	10.93	10.67	6.68	10.38
(b) Other Current Liabilities	255.87	339.11	354.29	562.84	88.64
(c) Provisions	0.56	0.47	0.52	0.47	0.37
(d) Current Tax Liabilities (Net)	46.29	-	-	-	45.98
Total Current Liabilities	**657.31**	**670.69**	**885.72**	**822.90**	**381.05**
Total Liabilities	**807.22**	**692.60**	**906.86**	**844.01**	**402.18**
Total Equity and Liabilities	**5,917.43**	**4,006.39**	**5,594.64**	**4,059.51**	**2,691.64**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Restated Statement of Consolidated Profit and Loss
(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	For the period ended 30th June 2024	For the period ended 30th June 2023	For the year ended 31st March 2024	For the year ended 31st March 2023	For the year ended 31st March 2022
I. Income					
(a) Revenue from operations	1,457.67	525.42	5,160.77	3,508.28	3,688.88
(b) Other income	25.38	31.36	208.26	169.88	80.29
Total Income	**1,483.05**	**556.78**	**5,369.03**	**3,678.16**	**3,769.17**
II. Expenditure					
(a) Cost of Materials consumed	690.99	482.36	2,946.99	1,856.98	2,088.53
(b) Changes in inventories of Finished goods	49.69	(220.29)	(249.48)	-	-
(c) Employee Benefits Expense	19.09	13.08	66.03	46.18	36.47
(d) Finance Cost	5.96	1.89	8.09	5.21	12.71
(e) Depreciation and Amortization expense	16.44	13.91	51.84	54.93	59.01
(f) Other Expenses	130.55	142.04	568.61	460.72	396.32
Total Expenses	**912.72**	**432.99**	**3,392.08**	**2,424.02**	**2,593.04**
III. Restated Profit before Tax (I-II)	**570.33**	**123.79**	**1,976.95**	**1,254.14**	**1,176.13**
IV. Tax Expense:					
- Current Tax	147.23	31.80	502.73	321.90	299.70
- Deferred Tax	(2.83)	(0.13)	6.67	(2.02)	(2.22)
- Income Tax charge/(credit) for earlier years	-	-	2.29	8.18	1.30
Total Tax Expenses	**144.40**	**31.67**	**511.69**	**328.06**	**298.78**
V. Restated Profit for the year/period (III-IV)	**425.93**	**92.12**	**1,465.26**	**926.08**	**877.35**
VI. Restated Other comprehensive (income)/Loss					
(a) Items that will not be reclassified to statement of profit or loss:					
- Remeasurement of post-employment benefit plans	(0.04)	(0.06)	(1.19)	0.05	(0.11)
(b) Income tax relating to items that will not be reclassified to profit or loss	0.01	0.02	0.30	(0.01)	0.03
Restated other comprehensive (income)/Loss for the year/period	**(0.03)**	**(0.04)**	**(0.89)**	**0.04**	**(0.08)**
VII. Restated total comprehensive income for the year/period (V-VI)	**425.96**	**92.16**	**1,466.15**	**926.04**	**877.43**
Restated Profit / (Loss) attributable to					
Equity shareholders	425.93	92.12	1,465.26	926.08	877.35
Non Controlling interest	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Restated Other comprehensive (income)/Loss attributable to					
Equity shareholders	(0.03)	(0.04)	(0.89)	0.04	(0.08)
Non Controlling interest	-	-	-	-	-
Restated total comprehensive Income for the year/period					
Equity shareholders	425.96	92.16	1,466.15	926.04	877.43
Non Controlling interest	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
VIII. Restated earnings per equity share (Face value of Rs. 2 each)					
Basic	0.71	0.15	2.44	1.54	1.46
Diluted	0.71	0.15	2.44	1.54	1.46

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Restated Statement of Consolidated Cash Flow
(All amounts are Rs. in Millions, unless otherwise stated)

	Particulars	Period Ended 30th June 2024	Period Ended 30th June 2023	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
A.	**Cash flow from Operating Activities**					
	Restated Profit for the year/period before tax	570.33	123.79	1,976.95	1,254.14	1,176.13
	Adjustments for non operating and non cash transactions:					
	Finance costs	5.97	1.89	8.08	5.21	12.71
	Depreciation and amortisation expense	16.44	13.91	51.84	54.44	59.02
	Loss on sale of PPE	-		0.09		-
	Interest income	(8.92)	(10.57)	(147.26)	(107.38)	(45.58)
	Rental Income	(8.15)	(7.86)	(31.96)	(31.33)	(31.33)
	Impairment loss recognised/(reversed) under ECL model	(0.27)	-	5.03	(1.97)	0.19
	Operating Profit/(Loss) before working capital change	**575.40**	**121.16**	**1,862.77**	**1,173.11**	**1,171.14**
	Movements in working capital:					
	Adjustments for (increase) / decrease in operating assets:					
	Other Financials Assets - Non Current	(0.77)	0.07	(3.57)	(1.32)	0.46
	Inventories	466.03	(294.57)	(1,167.23)	31.65	140.88
	Trade Receivables	1,117.14	(98.96)	(1,036.33)	(690.82)	65.09
	Other Financials Assets - Current	-	(0.30)	-	-	-
	Other Current Assets	49.98	(54.55)	(82.53)	90.88	132.76
	Adjustments for increase / (decrease) in operating liabilities:				-	
	Other Non Current Liabilities	(0.00)	(0.26)	(0.96)	(0.99)	(1.98)
	Trade Payables	(222.17)	68.17	244.78	17.23	(125.36)
	Other Current Liabilities	(95.34)	(222.56)	(207.30)	475.52	(251.36)
	Other Financial Liabilities Non Current	(0.10)	-	0.26		-
	Other Financial Liability - Current	12.04	4.22	2.51	(3.69)	6.29
	Provisions - Current	0.08	0.07	0.05	0.10	0.07
	Provisions - Non Current	0.17	0.15	1.78	0.72	0.56
	Cash generated/(used in) from operations before tax	**1,902.46**	**(477.36)**	**(385.75)**	**1,092.39**	**1,138.55**
	Income tax paid	(101.75)	(71.85)	(504.71)	(378.52)	(257.03)
	Net cash generated by/(used in) operating activities (A)	**1,800.71**	**(549.21)**	**(890.46)**	**713.87**	**881.51**
B.	**Cash flow from Investing Activities**					
	Capital expenditure on capital assets	(17.58)	(4.51)	(53.95)	(23.64)	(7.99)
	Proceeds from sale/disposal of capital assets	-	-	0.04	0.01	-
	Increase / Decrease in Investment in Property	(0.00)	(0.00)	-	-	21.19
	(Increase)/Decrease in fixed deposit	(1,764.30)	383.26	586.01	(1,304.86)	(315.90)
	Interest received	1.94	74.86	134.14	21.12	16.28
	Investment in Subsidiary	-	-	-	-	0.00
	Rental Income	6.90	6.62	26.94	26.58	28.52
	Net cash generated by/(used in) investing activities (B)	**(1,773.04)**	**460.23**	**693.18**	**(1,280.79)**	**(257.90)**

Particulars	Period Ended 30th June 2024	Period Ended 30th June 2023	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
C. Cash flow from Financing Activities					
Proceeds from Term Loan	14.00	-	21.50	-	-
Increase/(Decrease) in Working Capital Loan	(1.03)	-	1.03	-	-
Interest paid	(1.90)	(1.54)	(6.71)	(3.81)	(11.24)
Payment of Lease liabilities other than Interest	(0.05)	(0.09)	(0.86)	(0.78)	(0.71)
Payment of Interest on Lease liabilities	(0.15)	(0.21)	(0.34)	(0.42)	(0.49)
Net cash generated by/(used in) financing activities (C)	**10.87**	**(1.84)**	**14.62**	**(5.01)**	**(12.44)**
Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	38.54	(90.83)	(182.67)	(571.94)	611.17
Cash and cash equivalents at the beginning of the year/period	4.40	187.07	187.07	759.01	147.84
Closing Balance of Cash and cash equivalents	**42.94**	**96.26**	**4.40**	**187.07**	**759.01**
Balances with banks					
- in current accounts	40.24	95.66	1.59	185.89	757.69
- Cash in hand	2.70	0.60	2.81	1.18	1.32
Total	**42.94**	**96.26**	**4.40**	**187.07**	**759.01**

GENERAL INFORMATION

Registered Office of our Company

SMPP Limited
Sunilaya Railway Road
Sangrur 148 001
Punjab, India

Corporate Office of our Company

SM House, 29
Okhla Industrial Estate, Okhla Phase III
New Delhi 110 020
Delhi, India

Corporate Identity Number: U32909PB1985PLC006500

Company Registration umber: 006500

Address of the Registrar of Companies

Our Company is registered with the RoC which is located at the following address:

Registrar of Companies, Punjab and Chandigarh at Chandigarh

1st Floor, Corporate Bhawan
Plot No. 4-B, Sector 27-B
Chandigarh – 160 019
Chandigarh, India

Board of Directors of our Company

Our Board comprises the following Directors, as on the date of filing of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Dr. Shiv Chand Kansal *Chairman and Managing Director*	00048385	M-17, South Extension Part II, New Delhi 110 049, Delhi, India
Dr. Madhu Kansal *Whole-time Director*	00736029	M-17, South Extension Part II, New Delhi 110 049, Delhi, India
Ashish Kansal *Whole-time Director and Chief Executive Officer*	00047579	M-17, South Extension Part II, New Delhi 110 049, Delhi, India
Dr. Ajay Kumar *Non-Executive Independent Director*	01975789	C 90, Anand Niketan, South Moti Bagh, South West Delhi 110 021, New Delhi, India
Mahima Gupta *Non-Executive Independent Director*	10746528	A-1405, Ashok Gardens, Tokershi Jivraj Road, Sewri, Mumbai 400 015, Maharashtra, India
Dr. Manoj Gupta *Non-Executive Independent Director*	10749760	Flat No. 101, Terraza, New DP Road, Near Medipoint Hospital, Aundh, Pune 411 007, Maharashtra, India

See "***Our Management***" on page 352.

Company Secretary and Compliance Officer

Sachin Jain
SM House, 29
Okhla Industrial Estate, Okhla Phase III
New Delhi 110 020
Delhi, India
Tel: +91 11 4351 2784

E-mail: compliance@smgroupindia.com

Investor Grievances

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary accounts, non-receipt of refund orders or non-receipt of funds by electronic mode, and so on. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

All Offer-related grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or first bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Book Running Lead Manager

Axis Capital Limited
1st Floor, Axis House
P.B. Marg, Worli
Mumbai 400 025, Maharashtra, India
Telephone: +91 22 4325 2183
E-mail: smpp.ipo@axiscap.in
Investor grievance email: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact person: Jigar Jain
SEBI registration no.: INM000012029

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India
Telephone: +91 22 6807 7100
E-mail: smpp.ipo@icicisecurities.com
Investor grievance email:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact person: Namrata Ravasia / Ramesh Vaswana
SEBI registration no.: INM000011179

IIFL Securities Limited
24th Floor, One Lodha Place
Senapati Bapat Marg, Lower Parel (W)
Mumbai – 400 013
Maharashtra, India
Telephone: +91 22 4646 4728
E-mail: smpp.ipo@iiflcap.com
Investor grievance email: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact person: Mansi Sampat / Pawan Jain
SEBI registration no.: INM000010940

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi Mumbai 400 025
Maharashtra, India
Telephone: +91 22 6630 3030
E-mail: smpp.ipo@jmfl.com
Investor grievance email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact person: Prachee Dhuri
SEBI registration no.: INM000010361

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah Sayani Road
Opposite Parel ST Depot
Prabhadevi, Mumbai 400 025
Maharashtra, India
Tel: +91 22 7193 4380
E-mail: smpp.ipo@motilaloswal.com
Investor grievance E-mail:
moiaplredressal@motilaloswal.com
Website: www.motilaloswalgroup.com
Contact Person: Rohan Aerande / Sukant Goel
SEBI Registration No.: INM000011005

Statement of inter-se allocation of responsibilities amongst the Book Running Lead Managers

The responsibilities and coordination by the BRLMs for various activities in the Offer are set forth below:

S.No	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy, due diligence of our Company including its operations/management, legal etc. Drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus, this Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with the SEBI ICDR Regulations and stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI and RoC filings and follow up and coordination till final approval from all regulatory authorities	BRLMs	Axis
2.	Drafting and approval of statutory advertisements	BRLMs	Axis
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including Audiovisual presentation, corporate advertising, brochure, etc. and filing of media compliance report.	BRLMs	ISEC
4.	Appointment of intermediaries – Registrar to the Offer, advertising agency, printers including co-ordination for agreements to be entered into with such intermediaries.	BRLMs	Axis
5.	Appointment of intermediaries – Bankers to the Offer, Monitoring Agency, Sponsor Banks, and other intermediaries including coordination for agreements to be entered into with such intermediaries.	BRLMs	IIFL
6.	Preparation of road show marketing presentation & FAQ	BRLMs	JM Financial
7.	International institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy; • Finalizing the list and division of international investors for one-to-one meetings; and Finalizing international road show and investor meeting schedule	BRLMs	JM Financial
8.	Domestic institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy; • Finalizing the list and division of domestic investors for one-to one meetings; and Finalizing domestic road show and investor meeting Schedule	BRLMs	Axis
9.	Retail marketing of the Offer, which will cover, inter alia: • Finalising media, marketing, public relations strategy and publicity • Budget including list of frequently asked questions at retail road shows • Finalising collection centres • Finalising application form • Finalising centres for holding conferences for brokers etc. • Follow – up on distribution of publicity; and Offer material including form, Red Herring Prospectus/ Prospectus and deciding on the quantum of the Issue material	BRLMs	I-Sec
10.	Non-institutional marketing of the Offer, which will cover, inter-alia - Finalising media, marketing and public relations strategy including list of frequently asked questions at road shows; - Finalising centres for holding conferences for brokers, etc	BRLMs	Motilal Oswal

S.No	Activity	Responsibility	Co-ordinator
11.	Managing the book and finalization of pricing in consultation with the Company	BRLMs	JM Financial
12.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, anchor coordination, anchor CAN and intimation of anchor allocation	BRLMs	Motilal Oswal
13.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with registrar, SCSBs and Bank to the Issue, intimation of allocation and dispatch of refund to bidders, etc. Post-Issue activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrar to the Issue, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Co-ordination with SEBI and Stock Exchanges for submission of all post Offer reports including the initial and final post Issue report to SEBI.	BRLMs	IIFL

Legal Counsel to the Company as to Indian Law

Shardul Amarchand Mangaldas & Co
Amarchand Towers
216, Okhla Industrial Estate Phase III
New Delhi 110 020
Delhi, India
Tel: +91 11 4159 0700

Registrar to the Offer

Link Intime India Private Limited

C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Telephone: +91 810 811 4949
E-mail: smpp.ipo@linkintime.co.in
Investor grievance e-mail: smpp.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Shanti Gopalkrishnan
SEBI registration no.: INR000004058

Joint Statutory Auditors to our Company

S S Kothari Mehta & Co. LLP
Address: Plot No. 68, Okhla Industrial Area
Phase-III, New Delhi 110020
E-mail: delhi@sskmin.com
Telephone: +91 46708888
Peer review certificate no.: 014441
Firm registration no.:000756N/ N500441

Jagdish Sapra & Co. LLP
Address: Prakash House, A-23 apartment
Ansari Rd, Daryaganj, New Delhi, Delhi 110 002
E-mail: sapra.kalra@gmail.com
Telephone: +91 1141563114

Peer review certificate no.: 014320
Firm registration no.: 001378N/N500037

Changes in auditors

Except as stated below, there has been no change in the statutory auditors of our Company in the three years preceding the date of this Draft Red Herring Prospectus.

Particulars	Date of the change	Reason for change
G.K. Garg & Associates #6, Mann Colony Lions Lane, College Road Sangrur 148 001 Punjab, India **E-mail**: gkgarg35@gmail.com **Telephone:** +91 +91 98886 05520 **Peer review certificate no.**: Not Applicable **Firm registration no.**: 05346N	July 1, 2024	Resignation due to pre-occupation with other assignments.
S S Kothari Mehta & Co. LLP Plot No. 68, Okhla phase III New Delhi 110020, Delhi, India **E-mail**: n.bansal@sskmin.com **Telephone:** +91 114670888 **Peer review certificate no.**: 014441 **Firm registration no.**: 000756N/N500441 **Jagdish Sapra & Co. LLP** 23, Prakash Apartments 5, Ansari Road, Daryaganj New Delhi 110 002 Delhi, India **E-mail**: sapra.kalra@gmail.com **Telephone:** +91 1141563114 **Peer review certificate no.**: 014320 **Firm registration no.**: 005346N/M.NO.084159	July 12, 2024	Appointment due to casual vacancy caused by the resignation of the previous statutory auditor.
S S Kothari Mehta & Co. LLP Plot No. 68, Okhla phase III New Delhi 110020, Delhi, India **E-mail**: n.bansal@sskmin.com **Telephone:** +91 114670888 **Peer review certificate no.**: 014441 **Firm registration no.**: 000756N/N500441 **Jagdish Sapra & Co. LLP** 23, Prakash Apartments 5, Ansari Road, Daryaganj New Delhi 110 002 Delhi, India **E-mail**: sapra.kalra@gmail.com **Telephone:** +91 1141563114 **Peer review certificate no.**: 014320 **Firm registration no.**: 005346N/M.NO.084159	September 29, 2024	Appointment for an initial term of five consecutive years

Syndicate Members

[●]

Bankers to the Offer

Escrow Collection Bank(s)

[●]

Public Offer Account Bank(s)

[●]

Refund Bank(s)

[●]

Sponsor Bank(s)

[●]

Bankers to our Company

State Bank of India
Commercial branch, 6th Floor
IFCI Tower, Nehru Place
New Delhi 110 019, India
Telephone: + 91 9720048487
E-mail: sbi.04298@sbi.co.in
Website: sbi.co.in
Contact person: Jaspal Singh

Yes Bank Limited
Levels 4, 5 and 14, Max Towers
Plot No. C-001/A-1, Sector 16 B
Noida 201 301
Uttar Pradesh, India
Telephone: + 91 7859893767
E-mail: amit.kumar105@yesbank.in
Website: www.yesbank.in
Contact person: Amit Kumar

ICICI Bank
D-16, South Extension-II
New Delhi 110 049, India
Telephone: + 91 9650964345
E-mail: poorti.malaviya@icicibank.com
Website: www.icicibank.com
Contact person: Poorti Malaviya

Designated Intermediaries

Self Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than UPI Bidders using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or at such other websites as may be prescribed by SEBI from time to time.

Self Certified Syndicate Banks and mobile applications enabled for Unified Payment Interface Mechanism

In accordance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, UPI Bidders may only apply through the SCSBs and mobile applications whose names appear on the website of the SEBI (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) andwww.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, and updated from time to time.

Syndicate Self Certified Syndicate Banks Branches

In relation to Bids (other than Bids by Anchor Investors and RIIs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI Mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and Is also available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for SCSBs and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 for mobile applications or at such other websites as may be prescribed by SEBI from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the Stock Exchanges, *i.e.*, through the Registered Brokers at the Broker Centres. The list of the Registered Brokers eligible to accept ASBA Forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/Rtadp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/Rtadp.aspx? And www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Grading of the Offer

No credit agency registered with SEBI has been appointed for grading of the Offer.

Monitoring Agency

Our Company will appoint a Monitoring Agency prior to the filing of the Red Herring Prospectus in accordance with Regulation 41 of SEBI ICDR Regulations, for monitoring of the utilisation of the Gross Proceeds. See "***Objects of the Offer***" on page 102.

Experts to the Offer

Except as stated below, our Company has not obtained any expert opinions in connection with this Draft Red Herring Prospectus:

Our Company has received written consent dated October 18, 2024 from S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus, to the extent and in their capacity as Joint Statutory Auditors, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, and in respect of their (i) examination report dated October 13, 2024 on the Restated Consolidated Financial Information; (ii) their report dated October 16, on the statement of possible special tax benefits available to the Company and its Shareholders included in this Draft Red Herring Prospectus; and (iii) various other certifications issued by them in connection with the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated October 18, 2024 from Khyati Enterprises to include their name as required under Section 26(5) of the Companies Act, 2013, read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, to the extent and in their capacity as independent chartered engineer, in respect of (i) certificate dated October 17, 2024 for our Palwal Manufacturing Facility, in relation to the installed capacity, actual production and capacity utilisation; and (ii) the Project Report.

Our Company has received written consent dated October 14, 2024 from DPV & Associates LLP, Company Secretaries, to include their name as the independent practicing company secretary and as an "expert" as defined under Section 2(38) of the Companies Act, in relation to the certificates issued by them and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated October 18, 2024 from 1Lattice, to include their name as an independent research provider and as an "expert" in terms of Section 2(38) of the Companies Act, and reproducing, extracting or utilizing the 1Lattice Report, in relation to the certificates issued by them and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

The above-mentioned consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Appraising entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Credit rating

As the Offer is of Equity Shares, credit rating is not required.

Debenture trustees

As the Offer is of Equity Shares, the appointment of debenture trustees is not required.

Green shoe option

No green shoe option is contemplated under the Offer.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been uploaded on the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with Regulation 25(8) of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, and at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD" and will also be filed with the SEBI at the following address:

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 would be filed with the RoC at its office and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 with the RoC at its office and through the electronic portal at www.mca.gov.in/mcafoportal/loginvalidateuser.do. see "***- Address of the Registrar of Companies***" on page 78.

Book Building Process

The Book Building Process, in the context of the Offer, refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band which will be decided by our Company, in consultation with the BRLMs and will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company, in consultation with the BRLMs after the Bid/Offer Closing Date.

All Bidders, other than Anchor Investors, shall mandatorily participate through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs or Sponsor Bank(s), as the case may be, in the case of UPI Bidders, by alternatively using the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Allocation to all categories, other than Anchor Investors, Non-Institutional Investors and Retail Individual Investors, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. Allocation to the Anchor Investors will be on a discretionary basis. For further details on method and process of Bidding, see "***Offer Structure***" and "***Offer Procedure***" on pages 408 and 413, respectively.

The Book Building Process under the SEBI ICDR Regulations and Bidding Process is subject to change, from time to time. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Offer.

Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

Bidders should note that the Offer is also subject to (i) obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment as per the prescribed timelines in compliance with the SEBI ICDR Regulations; and (ii) filing of the Prospectus with the RoC.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares but prior to the filing of the Prospectus with the RoC, our Company will enter into an underwriting agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus. This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares of face value of ₹ 2 each to be underwritten	Amount underwritten (₹ in million)
[●]	[●]	[●]
Total	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and will be finalised after the pricing and actual allocation and subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (including based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscription for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below:

(in ₹, except share data)

S. No.	Particulars	Aggregate nominal value	Aggregate value at Offer Price*
A)	**AUTHORISED SHARE CAPITAL**(1)		
	650,000,000 Equity Shares of face value of ₹ 2 each	1,300,000,000	-
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	600,000,000 Equity Shares of face value of ₹ 2 each	1,200,000,000	-
C)	**PRESENT OFFER**(2)(4)		
	Offer of [●] Equity Shares of face value of ₹ 2 each aggregating to ₹ 40,000 million(2)(3)	[●]	[●]
	Of which:		
	Fresh Issue of [●] Equity Shares of face value of ₹ 2 each aggregating up to ₹ 5,800 million(4)	[●]	[●]
	Offer for Sale of [●] Equity Shares of face value of ₹ 2 each aggregating up to ₹ 34,200 million by the Promoter Selling Shareholder(3)	[●]	[●]
	The Offer includes:		
	Employee Reservation Portion of up to [●] Equity Shares of face value of ₹ 2 each(5)	[●]	[●]
	Net Offer of [●] Equity Shares of face value of ₹ 2 each	[●]	[●]
E)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER***		
	[●] Equity Shares of face value of ₹ 2 each	[●]	-
F)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		Nil
	After the Offer*		[●]

**To be updated upon finalisation of the Offer Price and subject to finalisation of Basis of Allotment.*

(1) *See, '**History and Certain Corporate Matters – Amendments to the Memorandum of Association in the last 10 years**' on page 247.*

(2) *Our Board of Directors has authorised the Offer pursuant to their resolution dated September 29, 2024. Our Shareholders have authorised the Fresh Issue pursuant to their special resolution dated September 29, 2024.*

(3) *Our Board of Directors has taken on record the authorisation for the Offer for Sale by the Promoter Selling Shareholder pursuant to consent letter dated October 13, 2024. The Promoter Selling Shareholder has authorized the inclusion of the Offered Shares in the Offer for Sale pursuant to its letter dated October 13 2024. The Promoter Selling Shareholder has confirmed that the Offered Shares are eligible for being offered for sale in the Offer in compliance with Regulation 8 and 8A of the SEBI ICDR Regulations. Further, the Promoter Selling Shareholder confirms compliance with and will comply with the conditions specified in the SEBI ICDR Regulations, to the extent applicable. See "**Summary of the Draft Offer Document**" and "**Other Regulatory and Statutory Disclosures**" on pages 20 and 385, respectively.*

(4) *Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.*

(5) *Eligible Employees Bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion after allocation of up to ₹ 500,000 (net of Employee Discount, if any), shall be added to the Net Offer. Our Company, in consultation with the BRLMs, may offer a discount of [●] % on the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees Bidding in the Employee Reservation Portion which shall be announced atleast two Working Days prior to the Bid/Offer Opening Date. See "**Offer Procedure**" and "**Offer Structure**" on pages 413 and 408, respectively.*

Notes to capital structure

1. Equity share capital history of our Company

The following table sets forth the history of the equity share capital of our Company:

Date of allotment	Nature of allotment	Name(s) of allottee(s) and details of equity shares allotted	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
October 18, 1985[1] [2]	Initial subscription to the Memorandum of Association	100 equity shares each were allotted to Dr. Shiv Chand Kansal and Dr. Madhu Kansal	200	100	100	Cash
May 17, 1986[2]	Further issue	1,450 equity shares were allotted to Dr. Shiv Chand Kansal, 350 equity shares were allotted to Dr. Madhu Kansal, 50 equity shares were allotted to Yogesh Kumar Aggarwal, 90 equity shares were allotted to D. W. Karkhanis and 60 equity shares were allotted to Ujwala Karkhanis	2,000	100	100	Cash
July 16, 1986[2]	Further issue	550 equity shares were allotted to Dr. Madhu Kansal	550	100	100	Cash
March 31, 1992[2]	Further issue	6,300 equity shares were allotted to Dr. Shiv Chand Kansal	6,300	100	100	Cash
June 15, 1992[2]	Further issue	475 equity shares each were allotted to Ashima Kansal and Ashish Kansal	950	100	100	Cash
March 25, 2000	Further issue	2,150 equity shares were allotted to Dr. Shiv Chand Kansal, 5,000 equity shares were allotted to Dr. Madhu Kansal and 2,850 equity shares were allotted to Ashish Kansal	10,000	100	100	Cash
Pursuant to the resolutions passed by our Board of Directors and the Shareholders dated November 4, 2023 and November 24, 2023, respectively, the authorised share capital of our Company was sub-divided and re-classified from 20,000 equity shares of face value of ₹ 100 per equity share and 199,000,000 equity shares of face value of ₹ 2 per equity share to 200,000,000 equity shares of face value of ₹ 2 per equity share. Accordingly, the issued, subscribed and paid-up equity share capital of our Company was sub-divided from 20,000 equity shares of face value of ₹ 100 per equity share to 1,000,000 equity shares of face value of ₹ 2 per equity share.						
November 24, 2023	Bonus issue in the ratio of 199 equity shares for every one equity share held	99,500,000 Equity Shares were allotted to Dr. Shiv Chand Kansal, 59,700,000 Equity Shares were allotted to Dr. Madhu Kansal, 33,083,750 Equity Shares were allotted to Ashish Kansal and 6,716,250 Equity Shares were allotted to Ashima Goel	199,000,000	2	NA	NA
October 5, 2024	Bonus issue in the ratio of	199,999,994 Equity Shares were allotted	400,000,000	2	NA	NA

Date of allotment	Nature of allotment	Name(s) of allottee(s) and details of equity shares allotted	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
	two Equity Shares for every one Equity Share held	to Dr. Shiv Chand Kansal, 120,000,000 Equity Shares were allotted to Dr. Madhu Kansal, 66,500,000 Equity Shares were allotted to to Ashish Kansal, 13,500,000 Equity Shares were allotted to Ashima Goel , 2 Equity Shares were allotted to Sopan Properties Private Limited, 2 Equity Shares were allotted to Kansal Auto Spares Private Limited and 2 Equity Shares were allotted to Wiseman Systems Private Limited				

(1) Our Company was incorporated on October 18, 1985. The date of subscription to the Memorandum of Association is October 16, 1985 and our Board took on record the initial subscription of equity shares on October 29, 1985.
*(2) Our Company has been unable to trace Form 2 and/or challans for such allotments. See "**Risk Factors – We are unable to trace some of the historical records and there have been instances of statutory non-compliances in the past. We may be subject to legal proceedings or regulatory actions by statutory authorities and our business, financial condition and reputation may be adversely affected.**" on page 39.*
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2. Secondary transactions of equity shares

The details of secondary transactions of Equity Shares by our Promoters (including the Promoter Selling Shareholder) and members of the Promoter Group are set forth in the table below:

Date of transfer of Equity Shares	Number of Equity Shares transferred	Details of transferor	Details of transferee	Nature of transaction	Face value per equity share (₹)	Transaction price per equity share (₹)	Nature of consideration
September 27, 2001	200	Transfer of 50 equity shares from Yogesh Kumar Aggarwal, 90 equity shares from Dr. D.W. Karkhanis and 60 equity shares from Ujwala Karkhanis	Ashima Goel	Transfer	100	100	Cash
August 16, 2024	3	Dr. Shiv Chand Kansal	1 Equity Share each to Kansal Auto Spares Private Limited, Sopan Properties Private Limited and Wiseman Systems Private Limited	Transfer	2	2	Cash

3. Preference share capital of our Company

Our Company has no outstanding preference shares as on the date of this Draft Red Herring Prospectus.

4. Shares issued for consideration other than cash or pursuant to bonus issue

Except as set forth below, our Company has not issued any equity shares for consideration other than cash or by way of bonus issue since its incorporation:

Date of allotment	Nature of allotment	Name(s) of allottee(s)	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Benefits accrued
November 24, 2023	Bonus issue in the ratio of 199 Equity Shares for every one Equity Share held	99,500,000 Equity Shares were allotted to Dr. Shiv Chand Kansal, 59,700,000 Equity Shares were allotted to Dr. Madhu Kansal, 33,083,750 Equity Shares were allotted to Ashish Kansal and 6,716,250 Equity Shares were allotted to Ashima Goel	199,000,000	2	NA	NA	Capitalisation of reserves
October 5, 2024	Bonus issue in the ratio of two Equity Shares for every one Equity Share held	199,999,994 Equity Shares were allotted to Dr. Shiv Chand Kansal, 120,000,000 Equity Shares were allotted to Dr. Madhu Kansal, 66,500,000 Equity Shares were allotted to to Ashish Kansal, 13,500,000 Equity Shares were allotted to Ashima Goel, 2 Equity Shares were allotted to Sopan Properties Private Limited, 2 Equity Shares were allotted to Kansal Auto Spares Private Limited and 2 Equity Shares were allotted to Wiseman	400,000,000	2	NA	NA	Capitalisation of reserves

Date of allotment	Nature of allotment	Name(s) of allottee(s)	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Benefits accrued
		Systems Private Limited					

5. **Shares issued out of revaluation reserves**

Our Company has not issued any shares out of revaluation reserves since its incorporation.

6. **Issue of equity shares pursuant to Sections 230 to 234 of the Companies Act, 2013 or Sections 391 to 394 of the Companies Act, 1956**

As on date of this Draft Red Herring Prospectus, our Company has not allotted any equity shares pursuant to any scheme approved under under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013 since incorporation.

7. **Issue of equity shares at a price lower than the Offer Price in the last year**

Except as set forth below, our Company has not issued any Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus:

Date of allotment	Nature of allotment	Name(s) of allottee(s)	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Whether allottees are part of the Promoter Group
November 24, 2023	Bonus issue in the ratio of 199 Equity Shares for every one Equity Share held	99,500,000 Equity Shares were allotted to Dr. Shiv Chand Kansal, 59,700,000 Equity Shares were allotted to Dr. Madhu Kansal, 33,083,750 Equity Shares were allotted to Ashish Kansal, 6,716,250 Equity Shares were allotted to Ashima Goel	199,000,000	2	NA	NA	Yes, the allottees form part of our Promoter Group.
October 5, 2024	Bonus issue in the ratio of two Equity Shares for every one Equity Share held	199,999,994 Equity Shares were allotted to Dr. Shiv Chand Kansal, 120,000,000 Equity Shares were allotted to Dr. Madhu Kansal, 66,500,000 Equity Shares were allotted to to Ashish Kansal, 13,500,000	400,000,000	2	NA	NA	Yes, the allottees form part of our Promoter Group.

Date of allotment	Nature of allotment	Name(s) of allottee(s)	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Whether allottees are part of the Promoter Group
		Equity Shares were allotted to Ashima Goel, 2 Equity Shares were allotted to Sopan Properties Private Limited, 2 Equity Shares were allotted to Kansal Auto Spares Private Limited and 2 Equity Shares were allotted to Wiseman Systems Private Limited					

8. Issue of equity shares under employee stock option scheme

As on the date of this Draft Red Herring Prospectus, our Company has not issued any equity shares pursuant to any employee stock option scheme since its incorporation. See, "– ***Employee stock option scheme***" on page 100.

9. Shareholding of our Promoters (including the Promoter Selling Shareholder) and members of our Promoter Group

Set forth below is the shareholding of our Promoters (including the Promoter Selling Shareholder) and members of Promoter Group, as on the date of this Draft Red Herring Prospectus:

Name of Shareholder	Pre-Offer		Post-Offer	
	Number of Equity Shares	Percentage of pre-Offer equity share capital (%)	Number of Equity Shares	Percentage of post-Offer equity share capital (%)*
Promoters				
Dr. Shiv Chand Kansal	299,999,991	50.00	[●]	[●]
Dr. Madhu Kansal	180,000,000	30.00	[●]	[●]
Ashish Kansal	99,750,000	16.63	[●]	[●]
Total (A)	**579,749,991**	**96.63**	[●]	[●]
Promoter Group				
Ashima Goel	20,250,000	3.37	[●]	[●]
Kansal Auto Spares Private Limited	3	Negligible	[●]	[●]
Sopan Properties Private Limited	3	Negligible	[●]	[●]
Wiseman Systems Private Limited	3	Negligible	[●]	[●]
Total (B)	**20,250,009**	**3.37**	[●]	[●]
Total (A+B)	**600,000,000**	**100.00**	[●]	[●]

**Subject to finalisation of Basis of Allotment*

10. History of build-up of Promoters' shareholding in our Company

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in the aggregate, 579,749,991 Equity Shares, which constitute 96.63% of the issued, subscribed and paid-up equity share capital of our Company. All the Equity Shares held by our Promoters are in dematerialised form. As of the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged or are otherwise encumbered.

Set forth below is the build-up of our Promoters' shareholding since the incorporation of our Company:

Date of allotment/ transfer	Nature of allotment/ transfer	No. of equity shares transacted	Face value per equity share (₹)	Issue price / transfer price per equity share (₹)	Nature of consideration	Percentage of the pre-Offer share capital (%)	Percentage of the post-Offer share capital (%)
A. Dr. Shiv Chand Kansal^							
October 18, 1985[(1)]	Initial subscription to the Memorandum of Association	100	100	100	Cash	Negligible	[●]
May 17, 1986[(2)]	Further issue	1,450	100	100	Cash	Negligible	[●]
March 31, 1992[(2)]	Further issue	6,300	100	100	Cash	0.05	[●]
March 25, 2000	Further issue	2,150	100	100	Cash	0.02	[●]
Pursuant to the resolutions passed by our Board of Directors and the Shareholders dated November 4, 2023 and November 24, 2023, respectively, the authorised share capital of our Company was sub-divided and re-classified from 20,000 equity shares of face value of ₹ 100 per equity share and 199,000,000 equity shares of face value of ₹ 2 per equity share to 200,000,000 Equity Shares of face value of ₹ 2 per equity share. Accordingly, the issued, subscribed and paid-up equity share capital of our Company was sub-divided from 20,000 equity shares of face value of ₹ 100 per equity share to 1,000,000 Equity Shares of face value of ₹ 2 per Equity Share. As a result, the 10,000 equity shares of face value of ₹100 per equity share held by Dr. Shiv Chand Kansal, were sub-divided into 500,000 equity shares of face value of ₹2 per equity share.							
November 24, 2023	Bonus issue in the ratio of 199 equity shares for every one equity share held	99,500,000	2	NA	NA	16.58	[●]
August 16, 2024	1 equity share transferred to Kansal Auto Spares Private Limited	(1)	2	2	Cash	Negligible	[●]
	1 equity share transferred to Sopan Properties Private Limited	(1)	2	2	Cash	Negligible	[●]
	1 equity share transferred to Wiseman Systems Private Limited	(1)	2	2	Cash	Negligible	**[●]**
October 5, 2024	Bonus issue in the ratio of two equity shares for every one equity share held	199,999,994	2	NA	NA	33.33	[●]
Sub-total (A)		**299,999,991**				**50.00**	**[●]**
B. Dr. Madhu Kansal							
October 18, 1985[(1)]	Initial subscription to the Memorandum of Association	100	100	100	Cash	Negligible	[●]
May 17, 1986[(2)]	Further issue	350	100	100	Cash	Negligible	[●]
July 16, 1986[(2)]	Further issue	550	100	100	Cash	Negligible	[●]
March 25, 2000	Further issue	5,000	100	100	Cash	0.04	[●]
Pursuant to the resolutions passed by our Board of Directors and the Shareholders dated November 4, 2023 and November 24, 2023, respectively, the authorised share capital of our Company was sub-divided and re-classified from 20,000 equity shares of face value of ₹ 100 per equity share and 199,000,000 equity shares of face value of ₹ 2 per equity share to 200,000,000 equity Shares of face value of ₹ 2 per equity share. Accordingly, the issued, subscribed and paid-up equity share capital of our Company was sub-divided from 20,000 equity shares of face value of ₹ 100 per equity share to 1,000,000 equity shares of face value of ₹ 2 per equity share. As a result, the 6,000 equity shares of face value of ₹100 per equity share held by Dr. Madhu Kansal, were sub-divided into 300,000 Equity Shares of face value of ₹2 per Equity Share.							

Date of allotment/ transfer	Nature of allotment/ transfer	No. of equity shares transacted	Face value per equity share (₹)	Issue price / transfer price per equity share (₹)	Nature of consideration	Percentage of the pre-Offer share capital (%)	Percentage of the post-Offer share capital (%)
November 24, 2023	Bonus issue in the ratio of 199 equity shares for every one Equity Share held	59,700,000	2	NA	NA	9.95	[●]
October 5, 2024	Bonus issue in the ratio of two equity shares for every one Equity Share held	120,000,000	2	NA	NA	20.00	[●]
Sub-total (B)		**180,000,000**				**30.00**	**[●]**
C. Ashish Kansal							
June 15, 1992(2)	Further issue	475	100	100	Cash	Negligible	[●]
March 25, 2000	Further issue	2,850	100	100	Cash	0.02	[●]
Pursuant to the resolutions passed by our Board of Directors and the Shareholders dated November 4, 2023 and November 24, 2023, respectively, the authorised share capital of our Company was sub-divided and re-classified from 20,000 equity shares of face value of ₹ 100 per equity share and 199,000,000 equity shares of face value of ₹ 2 per equity share to 200,000,000 equity Shares of face value of ₹ 2 per equity share. Accordingly, the issued, subscribed and paid-up equity share capital of our Company was sub-divided from 20,000 equity shares of face value of ₹ 100 per equity share to 1,000,000 equity shares of face value of ₹ 2 per equity share. As a result, the 3,325 equity shares of face value of ₹100 per equity share held by Ashish Kansal, were sub-divided into 166,250 Equity Shares of face value of ₹2 per Equity Share.							
November 24, 2023	Bonus issue in the ratio of 199 Equity Shares for every one equity share held	33,083,750	2	NA	NA	5.51	[●]
October 5, 2024	Bonus issue in the ratio of two Equity shares for every one Equity Share held	66,500,000	2	NA	NA	11.08	[●]
Sub-total I		**99,750,000**				**16.63**	**[●]**
Sub-total (A) + (B)+ (C)					**579,749,991**	**96.63**	**[●]**

^ *Dr. Shiv Chand Kansal is also participating in the Offer as the Promoter Selling Shareholder.*

(1) *Our Company was incorporated on October 18, 1985. The date of subscription to the Memorandum of Association is October 16, 1985 and our Board took on record of the initial subscription of equity shares on October 29, 1985.*

(2) *Our Company has been unable to trace Forms 2 and/or challans for such allotments. See "**Risk Factors – We are unable to trace some of the historical records and there have been instances of statutory non-compliances in the past. We may be subject to legal proceedings or regulatory actions by statutory authorities and our business, financial condition and reputation may be adversely affected.**"* on page 39.

11. Details of minimum Promoters' Contribution and lock-in of Equity Shares held by our Promoters

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years or any other period as may be prescribed under applicable law, from the date of Allotment ("**Promoter's Contribution**") and the Equity Shares held by our Promoters in excess of Promoter's Contribution, shall be locked in for a period of one year, from the date of Allotment.

Our Promoters have given their consent to include such number of Equity Shares held by them, in aggregate, as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. Our Promoters have agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The details of Equity Shares held by our Promoters, which will be locked-in for minimum Promoter's contribution for a period of three years, from the date of Allotment as Promoters' Contribution are as set forth below:

Name of the Promoter	Number of Equity Shares held	Number of Equity Shares locked-in*	Date of allotment/ transfer#	Face value per Equity Share (₹)	Allotment/ Acquisition price per Equity Share (₹)	Nature of transaction	% of the post-Offer paid-up capital (on a fully diluted basis) *
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated at the Prospectus stage.
Equity Shares were fully paid-up on the date of allotment/acquisition.
* *Subject to finalisation of Basis of Allotment.*

The Equity Shares being locked-in are not and will not be ineligible for computation of Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. See "- ***Notes to capital structure – History of build-up of Promoters' shareholding in our Company***" on page 93.

In this connection, we confirm the following:

(i) Equity Shares offered for Promoters' Contribution do not include Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus: (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (b) as a result of bonus shares issued by utilization of revaluation reserves or unrealised profits or from bonus issue against Equity Shares which are otherwise in-eligible for computation of Promoters' Contribution;

(ii) the Promoters' Contribution does not include any Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii) our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm into a Company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm or limited liability partnership; and

(iv) the Equity Shares forming part of the Promoters' contribution are not subject to any pledge or any other form of encumbrance.

Further, all the Equity Shares held by the Promoters are held in dematerialized form.

12. Details of share capital locked-in for six months

In addition to Promoters' Contribution locked in for three years, and Equity Shares held by our Promoters in excess of Promoter's Contribution (other than such Equity Shares as are Allotted pursuant to the Offer for Sale), which shall be locked in for a period of one year, pursuant to Regulation 17 of the SEBI ICDR Regulations, the entire remaining pre-Offer Equity Share capital of our Company will be locked in for a period of six months from the date of Allotment.

13. Other Requirements in respect of Lock-in

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

In terms of Regulation 21 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in as per Regulation 16 of the SEBI ICDR Regulations: (a) as Promoters' Contribution, may be pledged only with scheduled commercial banks or public financial institutions or systemically important non-banking finance companies or deposit taking housing finance companies as collateral security for loans granted by such entity, provided that such loan has been granted for the purpose of financing one or more of the objects of the Offer, and pledge of the Equity Shares is one of the terms of the sanctioned loan; and (b) in excess of the Promoters' Contribution, may be pledged only with scheduled commercial banks or public financial institutions or systemically important non-banking finance companies or deposit taking housing finance companies as collateral security for loans granted by such entity, provided that pledge of the Equity Shares is one of the terms of the sanctioned loan. However, such lock-in will continue pursuant to any invocation of the pledge and the transferee of the Equity Shares pursuant to such invocation shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period stipulated above.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters which are locked-in, may be transferred to Promoters or members of the Promoter Group or to any new promoter, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with provisions of the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired. The Equity Shares held by persons other than our Promoters and locked-in for a period of six months from the date of Allotment in the Offer or any other period as may be prescribed under applicable law, may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in the hands of the transferee for the remaining period and compliance with the provisions of the Takeover Regulations.

14. Lock-in of Equity Shares Allotted to Anchor Investors

50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period 90 days from the date of Allotment and the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

15. Sales or purchases of Equity Shares or other specified securities of our Company by our Promoters, the members of our Promoter Group and/or our Directors and their relatives during the last six months

Except as disclosed in "***Notes to Capital Structure – History of build-up of Promoters' shareholding in our Company***" on page 93, none of our Promoters, members of our Promoter Group, our Directors or their relatives have sold or purchased any Equity Shares of our Company during the six months preceding the date of this Draft Red Herring Prospectus.

16. ***Our shareholding pattern***

The shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus is as set forth below:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)				Number of Equity Shares underlying outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								Number of voting rights			Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class eg: Equity Shares	Class eg: Others	Total								
(A)	Promoters and Promoter Group	7	600,000,000	-	-	600,000,000	100.00	600,000,000	-	600,000,000	100.00	-	-	-	-	-	-	600,000,000
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**7**	**600,000,000**	**-**	**-**	**600,000,000**	**100.00**	**600,000,000**	**-**	**600,000,000**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**600,000,000**

17. As on the date of this Draft Red Herring Prospectus, our Company has seven holders of Equity Shares.

18. Shareholding of our Directors, Key Managerial Personnel and members of Senior Management in our Company

Except as set forth below, none of our Directors or Key Managerial Personnel or members of Senior Management hold any Equity Shares as on the date of this Draft Red Herring Prospectus:

Name	Number of Equity Shares of face value ₹2 each	Percentage of pre-Offer share capital (%)
	Director	
Dr. Shiv Chand Kansal*	299,999,991	50.00
Dr. Madhu Kansal*	180,000,000	30.00
Ashish Kansal*	99,750,000	16.63
Total	**579,749,991**	**96.63**

** Also Key Managerial Personnel.*

19. Details of shareholding of the major shareholders of our Company

(a) Set forth below are details of Shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as on the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares of face value ₹2 each	Percentage of pre-Offer share capital (%)
1.	Dr. Shiv Chand Kansal	299,999,991	50.00
2.	Dr. Madhu Kansal	180,000,000	30.00
3.	Ashish Kansal	99,750,000	16.63
4.	Ashima Goel	20,250,000	3.37
	Total	**599,999,991**	**99.99***

**Three Equity Shares of face value ₹2 are held by each of Kansal Auto Spares Private Limited, Sopan Properties Private Limited and Wiseman Systems Private Limited*

(b) Set forth below are details of Shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as of 10 days prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares of face value ₹2 each	Percentage of pre-Offer share capital (%)
1.	Dr. Shiv Chand Kansal	299,999,991	50.00
2.	Dr. Madhu Kansal	180,000,000	30.00
3.	Ashish Kansal	99,750,000	16.63
4.	Ashima Goel	20,250,000	3.37
	Total	**599,999,991**	**99.99***

**Three Equity Shares of face value ₹2 are held by each of Kansal Auto Spares Private Limited, Sopan Properties Private Limited and Wiseman Systems Private Limited*

(c) Set forth below are details of Shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as of one year prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares of face value ₹100 each	Percentage of pre-Offer share capital (%)
1.	Dr. Shiv Chand Kansal	10,000	50.00
2.	Dr. Madhu Kansal	6,000	30.00
3.	Ashish Kansal	3,325	16.63
4.	Ashima Goel	675	3.37
	Total	**20,000**	**100.00**

(d) Set forth below are details of Shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as of two years prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares of face value of face value ₹100 each	Percentage of pre-Offer share capital (%)
1.	Dr. Shiv Chand Kansal	10,000	50.00
2.	Dr. Madhu Kansal	6,000	30.00

S. No.	Name of Shareholder	Number of Equity Shares of face value of face value ₹100 each	Percentage of pre-Offer share capital (%)
3.	Ashish Kansal	3,325	16.63
4.	Ashima Goel	675	3.37
	Total	20,000	**100.00**

20. Employee stock option scheme

As on the date of this Draft Red Herring Prospectus, our Company has adopted the SMPP Employee Stock Option Plan 2024 ("**ESOP 2024**") pursuant to the resolutions passed by our Board on October 5, 2024 and our Shareholders on October 5, 2024. The ESOP 2024 is in compliance with the SEBI SBEB & SE Regulations and other Applicable Laws, as certified by DPV & Associates LLP, Company Secretaries, pursuant to their certificate dated October 18, 2024. As on the date of this Draft Red Herring Prospectus, no options have been granted under the ESOP 2024.

21. The BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. The BRLMs and their respective associates may engage in transactions with, and perform services for our Company, the Promoter Selling Shareholder and their respective affiliates or associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or the Promoter Selling Shareholder or their respective affiliates or associates for which they may have received, and may in future receive compensation.

22. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors, and any of their relatives (as defined under the Companies Act, 2013) have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

23. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangement for purchase of specified securities of the Company.

24. No person connected with the Offer, including our Company, the Promoter Selling Shareholder, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.

25. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. The Equity Shares to be issued or transferred pursuant to the Offer shall be fully paid-up at the time of Allotment.

26. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares of our Company, as on the date of this Draft Red Herring Prospectus.

27. Except for the Allotment of Equity Shares pursuant to: (i) the Pre-IPO Placement; (ii) the Fresh Issue; and (iii) exercise of employee stock options granted pursuant to the ESOP 2024 (if any), there will be no further issue of specified securities whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

28. Except for the Allotment of Equity Shares pursuant to: (i) the Fresh Issue; and (ii) exercise of employee stock options granted pursuant to the ESOP 2024 (if any), our Company presently does not intend or propose and is not under negotiations or considerations to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise.

29. The BRLMs, and any person related to the BRLMs cannot apply in the Offer under the Anchor Investor Portion, except for Mutual Funds sponsored by entities which are associate of the BRLMs, or insurance companies promoted by entities which are associates of the BRLMs, or AIFs sponsored by entities which are associates of the BRLMs, or an FPI (other than individuals, corporate bodies and family offices) which are associates of the BRLMs or pension funds registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013 sponsored by entities which are associates of the BRLMs.

30. None of the shareholders of our Company are directly or directly related to the BRLMs and their respective associates.

31. Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

32. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time. The issuance of equity shares by our Company, since incorporation of our Company until the date of this Draft Red Herring Prospectus, had been undertaken in accordance with the provisions of the Companies Act,1956, and the Companies Act, 2013, to the extent applicable.

33. All transactions in Equity Shares by our Promoters (including the Promoter Selling Shareholder) and members of our Promoter Group between the date of filing of this Draft Red Herring Prospectus and the date of closing of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue of [●] equity shares of face value ₹ 2, aggregating up to ₹ 5,800 million by our Company and an Offer for Sale of up to [●] equity shares of face value ₹ 2 aggregating to ₹ 34,200 million by the Promoter Selling Shareholder. See "***Summary of the Draft Offer Document – Offer Size***" and "***The Offer***" on pages 20 and 71, respectively.

Offer for Sale

The Promoter Selling Shareholder will be entitled to its respective portion of the proceeds of the Offer for Sale after deducting its proportion of the Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale. Accordingly, the proceeds of the Offer for Sale will be received by the Promoter Selling Shareholder and will not form part of the Net Proceeds. See '- ***Offer related expenses***' on page 118.

Requirement of funds

Our Company proposes to utilize the Net Proceeds towards funding the following objects (collectively, the "**Objects**"):

1. financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility ("**Ammunition Project**") through investment in SMPP Ammunition Private Limited, our Subsidiary; and

2. general corporate purposes.

In addition, we expect to achieve the benefit of listing of the Equity Shares on the Stock Exchanges, enhancement of our Company's visibility and brand name amongst our existing and potential customers and creation of a public market for the Equity Shares in India.

The main objects clause and matters necessary for furtherance of the main objects clause as set out in their respective memoranda of association enable our Company and our Subsidiary: (i) to undertake our existing business activities; and (ii) to undertake the proposed activities for which the funds are being raised by us pursuant to the Fresh Issue.

Net Proceeds

After deducting the Offer-related expenses from the Gross Proceeds, we estimate the net proceeds of the Fresh Issue to be ₹ [●] million ("**Net Proceeds**"). The details of the Net Proceeds of the Offer are summarized in the table below:

S. No	Particulars	Estimated Amount (in ₹ million)
1.	Gross Proceeds of the Fresh Issue	Up to ₹ 5,800 million(1)
2.	Less: Offer Expenses in relation to the Fresh Issue(2)	[●](2)(3)
3.	**Net Proceeds**	**[●]**(3)

(1) Includes the proceeds, if any, received pursuant to the Pre-IPO Placement which may be undertaken, in consultation with the BRLMs. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
*(2) See "– **Offer Related Expenses**" on page 118.*
(3) To be determined after finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the table below:

Particulars	Amount (in ₹ million)*	Percentage of Net Proceeds (%)**
Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting	4,370.42**	[●]

Particulars	Amount (in ₹ million)*	Percentage of Net Proceeds (%)**
up the Planned Ammunition Manufacturing Facility ("**Ammunition Project**") through investment in SMPP Ammunition Private Limited, our Subsidiary		
General corporate purposes***	[●]	[●]
Net Proceeds	[●]	**100.00**

* *Includes the proceeds, if any, received pursuant to the Pre-IPO Placement which may be undertaken, in consultation with the BRLMs. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.*

** *As of date of this Draft Red Herring Prospectus, an amount of ₹ 820.20 million (basis the exchange rate of 1 USD = ₹ 84.16) has been utilised from the Bridge Loan towards the procurement of plant and machinery for the Ammunition Project, by way of advance payment to RWMSA (as defined hereinafter) pursuant to the Plant Establishment Agreements (as defined hereinafter). The funds utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility shall be repaid out of the Net Proceeds. SMPP Ammunition Private Limited may further deploy an amount from the Bridge Loan towards the Planned Ammunition Manufacturing Facility, which, if so utilized, shall be repaid out of the Net Proceeds. See "- **Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary - Means of finance**" and "**- Bridge loan**" on pages 105 and 103, respectively.*

**** To be determined after finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be spent towards general corporate purposes will be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds as set forth in the table below:

(₹ in million)

S. No	Particulars	Total estimated cost	Amount deployed as of the date of this Draft Red Herring Prospectus		Amount to be funded from Internal Accruals	Amount to be funded from Net Proceeds**	Estimated amount to be deployed from the Net Proceeds in Financial Year	
			Internal accruals	Bridge Loan			2026	2027
1.	Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility ("**Ammunition Project**") through investment in SMPP Ammunition Private	4,469.79***	49.37#	820.20##	50.00^	4,370.42	2,758.49	1,611.93

S. No	Particulars	Total estimated cost	Amount deployed as of the date of this Draft Red Herring Prospectus		Amount to be funded from Internal Accruals	Amount to be funded from Net Proceeds**	Estimated amount to be deployed from the Net Proceeds in Financial Year	
			Internal accruals	Bridge Loan			2026	2027
	Limited, our Subsidiary							
2.	General corporate purposes*	[●]	-	-	-	[●]	[●]	[●]
	Total Net Proceeds*	[●]	-	-	-	[●]	[●]	[●]

** To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

*** Includes the proceeds, if any, received pursuant to the Pre-IPO Placement which may be undertaken, in consultation with the BRLMs. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.*

*** As on the date of this Draft Red Herring Prospectus, an amount of ₹ 820.20 million (assuming exchange rate of 1 USD = ₹ 84.16) has been utilised from the Bridge Loan towards the procurement of plant and machinery for the Ammunition Project, by way of advance payment to RWMSA pursuant to the Plant Establishment Agreements. The funds utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility shall be repaid out of the Net Proceeds in Financial Year 2026. SMPP Ammunition Private Limited may further deploy an amount out of the Bridge Loan towards such Planned Ammunition Manufacturing Facility, which, if so utilized, shall be repaid out of the Net Proceeds. See "- **Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary - Means of finance** " and "**- Bridge loan** " on pages 105 and 103, respectively.*

**** As per the Project Report issued by Khyati Enterprises (acting through its proprietor, Pradeep Kumar, chartered engineer)*

#As certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024 in respect of amounts deployed towards the Ammunition Project out of our internal accruals.

As certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024 in respect of amounts deployed towards the Ammunition Project from the Bridge Loan, confirming the utilisation of the funds borrowed for the purpose for which the Bridge Loan is availed.

^The availability of existing identifiable internal accruals has been certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024.

The above-stated fund requirements, deployment of the funds and the intended use of the Net Proceeds as described in this Draft Red Herring Prospectus are based on: (a) our current business plan and internal management estimates as per our business plan based on current market conditions; (b) the plant establishment agreements entered into with RWMSA dated October 10, 2024 for design of, and supply and installation of plant and machinery for the Ammunition Project, as disclosed in *"-**Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility ("Ammunition Project") through investment in SMPP Ammunition Private Limited, our Subsidiary - Means of finance**" and "- **Bridge loan**"* on pages 105 and 104; (c) work order dated September 20, 2023 issued to Oasis Construction, Shimla, Himachal Pradesh, India, quotations received from Innerspace.inc, New Delhi, Delhi, India dated October 1, 2024 and Arcade, Noida, Uttar Pradesh, India dated September 25, 2024; and (d) the detailed project report dated October 16, 2024 for the Planned Ammunition Manufacturing Facility obtained from Khyati Enterprises (acting through its proprietor, Pradeep Kumar, chartered engineer) in relation to the Ammunition Project ("**Project Report**"). However, such fund requirements and deployment of funds have not been appraised by any bank, financial institution or any other independent agency. See "***Risk Factors – We intend to utilise ₹ 4,370.42 million of the Net Proceeds for funding our capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary, SMPP Ammunition Private Limited. Our funding requirements and proposed deployment of the Net Proceeds are not appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control.***" on page 42. Our Company's historical capital and operational expenditure may not be reflective of our future capital expenditure plans. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, our business and growth strategies, competitive landscape, general factors affecting our results of operations, financial condition and access to capital and other external factors such as changes in the business environment or regulatory climate and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the deployment of funds at the discretion of our management, subject to compliance with applicable law. See "***Risk Factors – Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.***" on page 53.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by our internal accruals, additional equity and/or debt arrangements, as required. In case the actual utilization towards any of the Objects is lower than the proposed deployment, such balance will be used for funding other existing heads within the Objects, if necessary and/or towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes does not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

Further, our Company may decide to accelerate the estimated Objects ahead of the schedule specified above. However, in the event that estimated utilization out of the Net Proceeds in a particular Financial Year as scheduled is not undertaken in its entirety, the remaining Net Proceeds shall be utilized in the immediately subsequent Financial Year, as may be decided by our Company, in accordance with applicable laws. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds.

Details of the Objects of the Fresh Issue

1. **Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility ("Ammunition Project") through investment in SMPP Ammunition Private Limited, our Subsidiary**

We are an Indian designer and manufacturer of defence equipment including ammunition components, personal protection products and protection kits for land, air and sea platforms. We have developed a portfolio of products that cater to the safety and survivability equipment requirements of the armed forces, police, paramilitary and other security forces, thereby seeking to serve national interests. Our ammunition component offerings currently comprise combustible cartridge cases, which we have been manufacturing for tank and artillery ammunition since 1992.

Our Company has entered into a cooperation agreement executed on April 4, 2023 ("**Cooperation Agreement**") with Rheinmetall Denel Munition RF (Proprietary) Limited ("**RDM**") which specializes in the development, design and manufacture of large and medium caliber ammunition and artillery, mortar and infantry systems. The Cooperation Agreement is a framework for designing and negotiating business cooperation between our Company and RDM, in good faith, research, review and pursue possible opportunities in India for industrial, technical and commercial cooperation, relating to, among other things, artillery and mortar ammunition production and supply, and plant and engineering services and capacity establishment including co-production of various kinds of ammunition. The Cooperation Agreement envisages the following principles in relation to the proposed cooperation thereunder: (a) shareholding and ownership to qualify for Indian defence tender and contract opportunities; (b) technology and market access enablement to enhance the sustainability of cooperation; (c) establishment and sustainment of efficient production facilities; (d) exploring markets for products and services within and beyond the territory of India on a case-by-case basis; and (e) provision of adequate controls. The Cooperation Agreement is valid for a period of 24 months from the effective date, i.e., April 4, 2023 and will automatically extend for 24 months thereafter unless notification of cancellation is issued by the parties 60 days prior to renewal becoming effective.

Ammunition is a crucial component of war equipment and weapons and is a fundamental component of military combat readiness, essential for the operational effectiveness of armed forces. The Government has decided to reduce ammunition imports and instead procure all ammunition requirements from domestic sources. Previously, only the state-owned Ordnance Factory Board was permitted to produce ammunition and India's private sector was only allowed to manufacture parts of ammunition such as the shell or fuse. *(Source: 1Lattice Report)* As part of our proposed forward integration initiatives, we incorporated our Subsidiary, SMPP Ammunition Private Limited on November 2, 2021 to undertake the business of manufacturing, trade or business of arms and ammunition, explosive products and accessories. Leveraging our experience and know-how, we propose to manufacture ammunition through our wholly-owned Subsidiary, SMPP Ammunition Private Limited by setting up the Ammunition Project.

The set-up of the Ammunition Project is proposed to comprise the following:

1. explosive storage magazines;
2. bi-modular charge system ("**BMCS**") assembly facilities;
3. primer manufacturing facility;
4. loading assembly packing ("**LAP**") facility, consisting of:
    a. high explosive ("**HE**") melt cast LAP;
    b. thermal cycling; and
    c. core cut and press;
5. non-destructive testing facilities; and
6. critical utilities - explosive effluent treatment.

The explosive storage magazines and BMCS assembly facilities would not require any plant and equipment for production. As on the date of this Draft Red Herring Prospectus, SMPP Ammunition Private Limited has commenced construction of building for the purposes of such facilities after completion of underlying land development.

In parallel, SMPP Ammunition Private Limited has entered into two plant establishment agreements, each dated October 10, 2024, with Rheinmetall Waffe Munitions South Africa (Pty) Ltd., South Africa ("**RWMSA**") for design, installation and commissioning of: (i) primer manufacturing facility and non-destructive testing facilities; and (ii) LAPing facility, consisting of HE melt cast LAP, thermal cycling, and core cut and press, and critical utilities – explosive effluent treatment ("**Plant Establishment Agreements**"). As on the date of this Draft Red Herring Prospectus, SMPP Ammunition Private Limited has made payment of advance consideration pursuant to the Plant Establishment Agreements of USD 9.75 million, equivalent to ₹ 820.20 million (basis the exchange rate of 1 USD = ₹ 84.16).

Pursuant to the Plant Establishment Agreements, RWMSA is responsible for, among other things, the following:

a. design input for the relevant facilities, as per technical proposals;
b. design of facilities, including all technological processes, equipment and subsequent control and safety systems;
c. supply design inputs to enable construction and civil works; and
d. procure, supply and execute installation, testing and commissioning of plant and equipment, and handover.

Pursuant to the Plant Establishment Agreements, SMPP Ammunition has agreed to provide the site for establishment of the plant and to ensure compliance with design inputs provided by RWMSA in construction and civil works as required. SMPP Ammunition is further required to procure necessary approvals for civil designs, installation of the utilities and other governmental approvals required for the Ammunition Project. Further, under the Plant Establishment Agreements, SMPP Ammunition is entitled to liquidated damages in case of delay in delivery. Further RWMSA is required to provide unconditional corporate/bank advance payment guarantee within 180 days from date of the Plant Establishment Agreements.

SMPP Ammunition Private Limited has been issued an arms license number DIL: (A) 03 (2023) dated April 4, 2023, issued by the DPIIT to undertake manufacturing of ammunition of caliber of 125 mm, 125 mm mortar, 120 mm tank, 81 mm, 155 mm, 130 mm, 105 mm, 40 mm, and 30 mm. For details, see "***Government and Other Approvals***" on page 378. Pursuant to setting up the Ammunition Project, we intend to commence the manufacturing of ammunition of 155 mm caliber at the Planned Ammunition Manufacturing Facility on the Proposed Land, for use in military applications such as artillery. We intend to eventually expand our production to include other large and medium caliber ammunition, which can be undertaken by minor adjustments to the plant and equipment proposed for the Ammunition Project as per the Project Report.

Estimated cost

The total estimated cost of the Ammunition Project as per the Project Report is ₹ 4,469.79 million, out of which ₹ 49.37 million has already been deployed as of October 15, 2024 from internal accruals as detailed below and an additional ₹ 50.00 million will be deployed from internal accruals towards other utilities. The balance cost of approximately ₹ 4,370.42 million is proposed to be deployed from the Net Proceeds. This includes an amount of ₹ 820.20 million utilised from the Bridge Loan towards the Ammunition Project and which shall be repaid out of the Net Proceeds as detailed below:

S. No.	Particulars	Estimated cost* (in ₹ million)	Amount deployed as of the date of this Draft Red Herring Prospectus out of internal accruals (in ₹ million)	Total amount to be funded from Internal Accruals (in ₹ million)	Total amount to be funded from Net Proceeds (in ₹ million)	Amount to be funded from Net Proceeds towards	
						Repayment of amount paid out of Bridge Loan (in ₹ million)	Balance cost (in ₹ million)
1.	**Land acquisition (A)**	**3.24**	**3.24(1)**	-	-	-	-
2.	**Procurement and installation of plant & machinery (B)**	**3,615.77**	-	-	**3,615.77**	820.20^(2)	2,795.57#
3.	**Construction of building and land development**						
a.	*Construction of building and land development – explosive storage magazines and bi-modular charge system assembly*	120.13	46.13 (1)	-	74.00	-	74.00
b.	*Construction of building and land development - primer manufacturing facility, LAPing facility, non-destructive testing and critical utilities*	588.31	-	-	588.31	-	588.31
c.	*Construction of building (including interiors) - administrative block*	92.34	-	-	92.34	-	92.34
	Total cost of construction of building and land development (C)	**800.78**	**46.13**	-	**754.65**	-	**754.65**
4.	**Other utilities (D)**	50.00	-	50.00	-	-	-@
Total cost (A) + (B) + (C) + (D)		**4,469.79**	**49.37**	**50.00**	**4,370.42**	**820.20**	**3,550.22**

* *Estimated cost as per the Project Report. Applicable taxes (GST, customs duty) and sea freight and marine insurance (for procurement and installation of plant and machinery) has been included in such estimate.*

^ *As of October 15, 2024, an amount of ₹ 820.20 million (assuming exchange rate of 1 USD = ₹ 84.16) has been utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility, by way of advance payment to RWMSA pursuant to the Plant Establishment Agreements. The funds utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility shall be repaid out of the Net Proceeds. See* *"**- Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary - Means of finance**" and "**- Bridge loan**" on pages 105 and 103, respectively.*

\# *SMPP Ammunition Private Limited may further deploy out of the balance amount sanctioned under the Bridge Loan towards such amount, which shall be repaid out of the Net Proceeds. See* *"**- Financing the capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary - Means of finance**" and "**- Bridge loan**" on pages 105 and 103, respectively.*

@ *Cost of other utilities will be borne out of existing identifiable internal accruals. The availability of internal accruals has been certified by by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024.*

(1) As certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024, in respect of amounts deployed towards the Ammunition Project out of our internal accruals.

(2) As certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024, in respect of amounts deployed towards the Ammunition Project from the Bridge Loan, confirming the utilisation of the funds borrowed for the purpose for which the Bridge Loan is availed.

Means of finance

In relation to the Ammunition Project, the total estimated cost of ₹ 4,469.79 million is proposed to be funded as set forth below:

(in ₹ million)

Particulars	Amount
Total estimated project cost of Ammunition Project(1) (A)	4,469.79
Amount deployed as of the date of this Draft Red Herring Prospectus out of internal accruals(2)(3) (B)	49.37
Amount proposed to be funded for Other Utilities from internal accruals (C)	50.00
Amount to be funded from the Net Proceeds (A)-(B)-(C) = (D)	4,370.42

(1) Estimated cost as per the Project Report. Applicable taxes (GST, customs duty) and sea freight and marine insurance (for procurement and installation of plant and machinery) has been included in such estimate.

(2) As certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024, 2024 in respect of amounts deployed towards the Ammunition Project out of our internal accruals.

*(3) As of October 15, 2024, an amount of ₹ 820.20 million (assuming exchange rate of 1 USD = ₹ 84.16) has been utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility, by way of advance payment to RWMSA pursuant to the Plant Establishment Agreements. The funds utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility shall be repaid out of the Net Proceeds which has been certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024, 2024 in respect of amounts deployed towards the Ammunition Project from the Bridge Loan, confirming the utilisation of the funds borrowed for the purpose for which the Bridge Loan is availed. SMPP Ammunition Private Limited may further deploy an amount out of the balance amount sanctioned under the Bridge Loan towards such amount, which shall be repaid out of the Net Proceeds. See "- **Bridge loan**" on page 103.*

Other than expenditure of ₹ 49.37 million, which has been incurred from internal accruals, the balance requirements for the Ammunition Project are proposed to be funded entirely from: (i) the Net Proceeds, including towards the repayment of the Bridge Loan, as disclosed in "- ***Bridge loan***" on page 103; and (ii) existing identifiable internal accruals. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Offer and existing identifiable accruals as required under the SEBI ICDR Regulations. In case of a shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders.

Details of Ammunition Project and break-down of estimated cost

Land acquisition

Our Subsidiary, SMPP Ammunition Private Limited has been allotted industrial land situated at Plot No. 01, Industrial Area, Lakhanpur, Tehsil Nalagarh, District Solan, Himachal Pradesh, India ("**Proposed Land**") admeasuring approximately 3,237,600 sq. mtrs. (approximately 800 acres) on leasehold basis for a period of 95 years, by the Deputy Director of Industries, Single Window Clearance Agency, Nalagarh, District Solan, State Government of Himachal Pradesh ("**Government of HP**") pursuant to the allotment letter (No. Ind.Dev.F/Defence Park/SMPP Pvt. Ltd./2021/-16768-70) dated January 18, 2022 ("**Land Allotment Letter**") and lease deed dated March 1, 2024 entered into between Government of HP and SMPP Ammunition Private Limited. Such land has been allotted for an amount of ₹ 3,237,695 (which amount has already been paid by out by our internal accruals as on October 15, 2024). The Government of HP has allotted the Proposed Land to SMPP Ammunition for the purposes of manufacture of different types of ammunition, at a nominal rate of ₹ 1 per sq. mtr, subject to completion of certain conditions within stipulated timelines, including commencement of commercial production and achievement of investment thresholds as set out under the lease deed dated March 1, 2024, subject to the conditions therein including the widening of the approach road to the specified width by the Government of HP. While such timelines can be relaxed/extended in accordance with the terms of the lease deed dated March 1, 2024, if we fail to commence commercial production within the stipulated timelines, we may be required to pay premium of ₹ 400 per square meter for the Proposed Land.

SMPP Ammunition Limited is entitled to certain incentives pursuant to the Land Allotment Letter in connection with the Proposed Land, including concessional land rate and exemption of stamp duty and registration fee, exemption of electricity duty for stipulated periods and certain other infrastructure related incentives/support, such as outer road connectivity, subject to compliance with specified terms and conditions and in accordance with the Himachal Pradesh Industrial Investment Policy – 2019.

As on the date of this Draft Red Herring Prospectus, our Subsidiary, SMPP Ammunition Private Limited has taken physical possession of the land, however, widening of approach road to specified width under the lease deed dated

March 1, 2024 by the Government of HP is yet to be completed.

Procurement and installation of plant and machinery

Pursuant to the Plant Establishment Agreements, RWMSA is responsible for, among other things, design, supply and installation of plant and equipment for the set-up of the primer manufacturing facility, LAPing facility, non-destructive testing and critical utilities as part of the Ammunition Project, for which SMPP Ammunition Private Limited shall be required to pay an aggregate consideration of USD 31.00 million, equivalent to ₹ 3,615.77 million (assuming exchange rate of 1 USD = ₹ 83.97, and inclusive of GST, customs duty, sea freight and marine insurance). In terms of the Plant Establishment Agreements, RWMSA will arrange all delivery of plant and equipment to the site of the Ammunition Project on FOB basis in accordance with Incoterms 2020, as per the agreed upon delivery schedule, and subsequently execute installation, commissioning, testing and handover.

Break-down of the estimated cost in this regard is set forth below:

S. No.	Particulars	Estimated cost*
1.	HE Melt Cast Lap Facility Explosive Effluent Facility Thermal Cycling Facility Core Cut and Press Facility Non-Destructive Testing Facility Primer Facility	2,603.07
2.	Sea Freight and marine insurance^	26.03
3.	Customs duty @ 11%	289.20
4.	GST @ 18%	525.29
5.	Contingencies @ 5% of total including taxes#	172.18
	Total^	**3,615.77**

**The conversion rate has been considered as of October 10, 2024 as USD 1 – ₹ 83.97. Source of exchange rate is www.rbi.org.in.*
^ To the extent any additional charges, including packaging are required to be paid over and above the quotations disclosed hereinabove, such additional charges will be funded from internal accruals.
 # We have created a provision for contingency to cover cost of other smaller auxiliary equipment and tools, related taxes, levies and other duties, as applicable, logistics costs related to procurement of plant and machinery, any exchange rate fluctuations and any increase in the estimated cost for the Planned Ammunition Manufacturing Facility.

As on the date of this Draft Red Herring Prospectus, an amount of ₹ 820.20 million (basis the exchange rate of 1 USD = ₹ 84.16) has been utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility, by way of advance payment to RWMSA pursuant to the Plant Establishment Agreements. The funds utilised from the Bridge Loan towards the procurement of plant and machinery for the Planned Ammunition Manufacturing Facility shall be repaid out of the Net Proceeds. SMPP Ammunition Private Limited may further deploy an amount out of the balance amount sanctioned under the Bridge Loan towards the Planned Ammunition Manufacturing Facility, which, if so utilized, shall be repaid out of the Net Proceeds. See "- ***Bridge loan***" on page 103.

Bridge financing

SMPP Ammunition has availed bridge financing of ₹ 1,000.00 million from State Bank of India on October 10, 2024, for the procurement of plant and machinery at the Planned Ammunition Manufacturing Facility ("**Bridge Loan**"). The brief details of the Bridge Loan are set out below:

Name of lender	Nature of borrowings	Amount sanctioned (in ₹ million)	Amount utilised as on the date of this Draft Red Herring Prospectus towards the Ammunition Project#	Interest Rate (% p.a.)	Repayment date / schedule	Prepayment conditions/ penalty	Purpose of Borrowing*
State Bank of India	Bridge loan	1,000.00	820.20	50 basis points above the TDR rate of interest	12 months	Nil	Bridge financing for the Planned Ammunition Manufacturing Facility

** As certified by the Joint Statutory Auditors, by way of their certificate dated October 18, 2024 in respect of amounts deployed towards the Ammunition Project from the Bridge Loan, confirming the utilisation of the funds borrowed for the purpose for which the Bridge Loan is availed*

#The funds utilised from the Bridge Loan towards the Ammunition Project shall be repaid out of the Net Proceeds.

Construction of building and land development

<u>Explosive storage magazines and bi-modular charge system ("**BMCS**") assembly facilities</u>

As part of the Ammunition Project, we propose to undertake construction of buildings and underlying land development to set up 10 explosive storage magazines (out of which four are proposed to be utilized for finished products and six for input materials required for manufacture) and two BMCS assembly facilities.

The total estimated cost for land development and construction of buildings for explosive storage magazines and BMCS assembly as set out in the Project Report is ₹ 120.13 million, of which an amount of ₹ 46.13 million has already been paid out of internal accruals as on October 15, 2024, and the balance cost of ₹ 74.00 million is proposed to be funded out of the Net Proceeds. The estimated cost of construction of buildings and land development for explosive storage magazines and BMCS assembly facilities is detailed in the Project Report as set forth below:

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Description	Area (in sq. ft)	Cost per sq. ft. (in ₹)	Amount (in ₹)	Work order particulars	
				Name and location of the vendor	Date of work order
Construction of buildings					
BMCS assembly building P-1	3,434.09	5,323.00		Oasis Construction Co., Shimla, Himachal Pradesh, India	September 20, 2023
BMCS assembly building P-2	3,434.09				
Explosive storage magazine M-1	636.46				
Explosive storage magazine M-2	1,248.08				
Explosive storage magazine M-3	1,248.08				
Explosive storage magazine M4	1,248.08				
Explosive storage magazine M-5	1,248.08				
Explosive storage magazine M-6	363.54				
Explosive storage magazine M-7	363.54				
Explosive storage magazine M-8	636.46				
Explosive storage magazine M-9	1,740.02				
Explosive storage magazine M-10	1,740.02				
Total for construction of buildings (A)	**17,340.52**		**92,303,605.67**		
Land development (B)			**9,500,000.00**		
TOTAL (Basic) (A) + (B)			**101,803,605.67**		
GST (@18%)			**18,324,649.02**		
GRAND TOTAL			**120,128,254.70**		

Underlying land development for construction of explosive storage magazines and BMCS assembly facilities is in process, and SMPP Ammunition Private Limited has commenced construction of the above buildings as on the date of this Draft Red Herring Prospectus.

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Primer manufacturing facility, LAPing facility, non-destructive testing facilities and utilities

As part of the Ammunition Project, we propose to undertake construction of one complex (of six buildings inter-connected by corridors) and four other buildings to house the primer manufacturing facility, LAPing facility (consisting of HE melt cast LAP, thermal cycling, and core cut and press), non-destructive testing facilities and certain utilities (no separate building needs to be constructed for explosive effluent treatment). The proposed buildings to be constructed include buildings for the purposes of housing the proposed primer manufacturing facility, as well as the LAPing facility (including for core cut and process, thermal cycling, melting and mixing area, preparation areas for process and worker area), finishing assembly areas, non-destructive testing facilities and inspection bungalow/guest house.

The total estimated cost of construction and land development of primer manufacturing facility, LAPing facility, non-destructive testing facilities and utilities as set out in the Project Report is ₹ 588.31 million, which is proposed to be paid entirely out of the Net Proceeds. The break-up for estimated cost of the construction of primer manufacturing facility, LAPing facility, non-destructive testing and critical utilities, as per the Project Report, is as set forth below:

(The remainder of this page is intentionally left blank)

S. No.	Description	Area (sq. ft.)	Cost per sq. ft. (in ₹)	Total cost (in ₹)	Estimate Particulars		
					Name	Date	Validity up to
1.	Primer manufacturing facility	4,036.46	5,323.00		Arcade, Noida, Uttar Pradesh, India	September 25, 2024	12 months from date of quotation
2.	Core cut and press facility	732.68	5,323.00				
3.	Thermal cycling - Building 1	6,680.35	5,323.00				
4	01-Preparation - Process building	4,424.15	5,323.00				
5	01-Preparation - Worker area	2,717.07	1,950.00				
6	01-Corridor	1,645.07	5,323.00				
7	02-Preparation area	11,206.40	5,323.00				
8	03-Melting & Mixing area	6,800.84	5,323.00				
9	04-Probing and Conditioning	5,997.20	5,323.00				
10	04 to 05-Corridor	777.20	5,323.00				
11	05-Finishing Assembly (1)	6,127.07	5,323.00				
12	05-Finishing Assembly (2)	9,010.73	5,323.00				
13	05-1- Corridor	797.93	5,323.00				
14	06–Non-destructive testing facilities	5,556.39	5,323.00				
15	Inspection bungalow/guest house	7,200.00	7,000.00				
16	Utilities						
	- Diesel generator room	2,000.00	1,000.00				
	- Pump room	300.00	1,000.00				
	- Electrical panels room	500.00	1,000.00				
	- Security control room	500.00	1,000.00	**398,565,577**			
	Total for construction of buildings (A)	**77,009.54**					
	Land development costs (B)			**100,000,000**			
	TOTAL (A) + (B)			**498,565,576.74**			
	GST (@18%)			**89,741,803.81**			
	GRAND TOTAL			**588,307,380.55**			

As on the date of this Draft Red Herring Prospectus, we have not commenced any land development or construction of buildings for the primer manufacturing facility, LAPing facility, non-destructive testing and critical utilities. The land development and construction of these buildings will start once detailed design is completed pursuant to the Plant Establishment Agreements with RWMSA.

Administrative block

As part of the Ammunition Project, we propose to undertake construction of one administrative block that includes offices for key departments such as human resources, finance, planning, and management.

The total estimated cost for construction of the administrative block is ₹ 92.34 million, as per the Project Report which is proposed to be paid entirely out of the Net Proceeds. The break-up for estimated cost of the construction of the administrative block, as per the Project Report, is as set forth below:

Description	Area (in sq. ft)	Cost per sq. ft. (in ₹)	Amount (in ₹)	Name and location of the vendor	Date of quotation	Validity of quotation
Civil and Interior Works (includes civil work, Stone / Tile Work, false ceiling, storage amongst other interior works)	25,000.00	1,150.00	28,750,000.00	Innerspace.inc, New Delhi, Delhi, India	October 1, 2024	12 months from date of quotation
Special Feature Items (includes wallpaper, graphic, designer ceiling, etc)	25,000.00	210.00	5,250,000.00			
Plumbing work and sanitary fixture	25,000.00	185.00	4,625,000.00			
Electrical work (includes electrical panels and isolation boxes, low-tension cables and sub mains, earthing system, supply and fixing of lighting fixtures and fans, etc.)	25,000.00	398.00	9,950,000.00			
Fire alarm and security system	25,000.00	140.00	3,500,000.00			
IT work (passive work)	25,000.00	105.00	2,625,000.00			
HVAC work	25,000.00	280.00	7,000,000.00			
Modular furniture work	25,000.00	210.00	5,250,000.00			
Chair work	25,000.00	125.00	3,125,000.00			
Carpet flooring	25,000.00	115.00	2,875,000.00			
Lounge works	25,000.00	150.00	3,750,000.00			
Design consultancy fees works	25,000.00	62.00	1,550,000.00			
Total for construction of buildings	300,000		78,250,000.00			
GST (@18%)			14,085,000.00			
GRAND TOTAL			**92,335,000.00**			

Land development for the administrative block building will be undertaken as part of land development for the primer manufacturing, LAPing facility, non-destructive testing and critical utilities. Construction of the administrative building will be undertaken simultaneously with construction of buildings for the primer manufacturing facility, LAPing facility, non-destructive testing and critical utilities.

Utilities

We propose to utilise an amount of ₹ 50.00 million towards utilities including, electricals wiring, transformers and distribution panels, pipelines for water, steam and compressed air, fire safety equipment, security and surveillance equipment and office equipment such as computers, printers, air conditioners.

The break-up of utilities estimated for the Ammunition Project, as set out in the Project Report, is as set out below:

S.No.	Utility	Requirement
1.	Electricity	400 V/50 Hz/3-Phase/Neutral plus Earth – 900 Amperes
2.		240 V/50 Hz/1-Phase – 400 Amperes
3.	Steam	600 kPa, 4000 kg/h
4.	Compressed Air	600 kPa, CFM
5.	Firefighting Water	800 kPa – 100 NB at equipment, delivery at least 50 litre/s
6.	Potable Water	300 kPa – 25 NB at equipment

The utilities layout within the facilities to be provided pursuant to the Plant Establishment Agreements by RWMSA would be addressed by RWMSA, and provision of utilities outside of such facilities is the responsibility of SMPP Ammunition Private Limited. However, this requirement of utilities cannot be finalized until receipt of design inputs from RWMSA and approval of finalized construction plans for the primer and LAPing facility and non-destructive testing facilities and critical utilities from the PESO. The Project Report estimates the cost of such other utilities which are to be borne by us to be ₹ 50.00 million, which is proposed to be funded entirely out of internal accruals available with the Company. As on the date of this Draft Red Herring Prospectus, no amount has been deployed towards the other utilities as disclosed above.

Mode of deployment

To the extent our Company deploys the Net Proceeds towards financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility through investment in SMPP Ammunition Private Limited, our Subsidiary, such investment shall be in the form of capital contribution through equity or convertible instruments and/or debt, including loans, as may be decided by our Board. The actual mode of such deployment has not been finalized as on the date of this Draft Red Herring Prospectus. SMPP Ammunition Private Limited does not have any stated dividend policy and our Company cannot be assured of any dividends from such investment. Our Company will remain interested in SMPP Ammunition to the extent of maintaining its existence as our wholly-owned Subsidiary. Investment in SMPP Ammunition Private Limited in furtherance of the above-stated object will enable us to compete effectively, have better control in manufacturing and costs, increase our visibility and expand our existing consumer base.

Schedule of implementation

Set out below is the proposed timeline and schedule for the Ammunition Project:

S. No.	Activity	Estimated schedule of commencement	Estimated schedule of completion
1	Land acquisition	-	Completed
2	Signing of Plant Establishment Agreements for design, supply and installation of plant and equipment for primer manufacturing facility, LAPing facility, non-destructive testing facilities and critical utilities	-	Completed
3	Construction of building and land development for BMCS assembly and explosive storage magazines	Ongoing	H1 FY 26
4	Commercial production – BMCS assembly facilities and explosive storage magazines	H1 FY 26	
5	Construction of buildings and land development - primer manufacturing facility, LAPing facility, non-destructive testing facilities and critical utilities, and administrative building	H2 FY 2025	H1 FY 2027
6	Equipment shipment by RWMSA	H1 FY 2027	H1 FY 2027
7	Installation and commissioning of machinery	H1 FY 2027	H2 FY 2027
8	Trial runs	H2 FY 2027	H2 FY 2027
9	Commercial production – primer manufacturing facility, LAPing facility, non-destructive testing facilities and critical utilities	H2 FY 2027	

Certain confirmations

Our Board pursuant to their resolution dated October 18, 2024 has approved the incurring of capital expenditure towards the Ammunition Project and further taken note that an amount of ₹ 4,370.42 million is proposed to be funded out of the Net Proceeds towards such cost.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the plants and machinery mentioned above is proposed to be acquired in a ready-to-use condition.

All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. Except for the Plant Establishment Agreements and the work order dated September 20, 2023 issued to Oasis Construction, Shimla, Himachal Pradesh, India, we have not entered into any definitive agreements with any third-party suppliers or vendors for any of the capital expenditure proposed to be incurred out of the Net Proceeds or any firm orders for purchase of plant and machinery for the Ammunition Project, and there can be no assurance that the same vendors from whom quotations would be engaged to eventually supply the equipment at the same costs. If there is any increase in the costs of equipment, the additional costs shall be paid by our Company from its internal accruals. The quantity of equipment to be purchased is based on the present estimates of our management. Our Company and SMPP Ammunition shall have the flexibility to deploy such equipment according to the business requirements of the Planned Ammunition Manufacturing Facility and based on the estimates of our management. See, "***Risk Factors – We intend to utilise ₹ 4,370.42 million of the Net Proceeds for funding our capital expenditure towards construction of buildings and procurement of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary, SMPP Ammunition Private Limited. Our funding requirements and proposed deployment of the Net Proceeds are not appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control.***" on page 42. As on the date of this Draft Red Herring Prospectus, we are yet to place orders for ₹ 730.65 million of capital expenditure to be incurred for the Ammunition Project, which is 16.35% of the total estimated cost of the Ammunition Project.

Our Promoters, Directors, Key Managerial Personnel and members of Senior Management do not have any interest in the procurement and installation of plant and machinery, or in the entities from whom we have obtained quotations in relation to such activities. Our Company may in the ordinary course of business enter into separate arrangements with the third-party vendors for the procurement and installation of the plant and machinery at the Planned Ammunition Manufacturing Facility. However, as on date of this Draft Red Herring Prospectus, there are no such arrangements and there is no assurance that we will be able to enter into such arrangements with such third-party vendors. It is undertaken that any such arrangements, if entered into, shall be entered into by our Company on an arms' length basis.

Government and other approvals

In relation to the Ammunition Project, we are required to obtain the following material approvals from governmental or local authorities, as applicable, the status of which is provided below and detailed in the Project Report.

Pre-construction approvals

S. No.	Approval	Department	Current Status
1	Arms license number DIL: (A) 03 (2023) dated April 4, 2023, issued by the DPIIT to undertake manufacturing of ammunition	Arms License Issuance Authority (Department for Promotion of Industry and Internal Trade)	Obtained
2	Construction plan approval from Petroleum and Explosive Safety Organization, Government of India	Petroleum and Explosive Safety Organization, Government of India	Obtained for 12 buildings (explosive storage magazines and BMCS assembly)
3	No objection certificate from District Magistrate as per rule 103 of the Explosives Rules, 2008	Explosives Rules, 2008	Applied
4	Sanction of connection for power	Himachal Pradesh Power Corporation Limited	Obtained for current requirements
5	Consent to Establish	Himachal Pradesh Pollution Control Board	Obtained

S. No.	Approval	Department	Current Status
6	PAN	Income Tax Department	Obtained
7	GST	Goods & Service Tax Department	Obtained
8	Importer-Exporter Code No.	Director General of Foreign Trade	Obtained

Post construction approvals

S. No.	Approval	Department
1	Factory License	Factory Inspector, Labour Department, Himachal Pradesh
2	Final approval for electrical load	Chief Electrical Engineer, Himachal Pradesh
3	Explosive Licenses Manufacture and storage of explosives	Petroleum and Explosives Safety Organization, Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, Government of india
4	Fire No Objection certificate No objection certificates from fire department	Fire Department, Municipal Council Nalagarh, Solan
5	Consent to Operate	Himachal Pradesh State Pollution Control Board
6	Registration of Generation Sets	Chief Electrical Engineer, Himachal Pradesh Power Corporation Limited
7	Registration of establishments deploying contractual workmen/immigrant workmen	Labour department, Government of Himachal

Power and water requirements

SMPP Ammunition Private Limited has procured electricity connection from the Himachal Pradesh Power Corporation Limited for its current power requirements (which will need to be enhanced for future power requirements). The Company proposes to apply for water supply to the state government authorities subsequent to completion of construction of building and land development

2. General corporate purposes

The Net Proceeds will first be utilized for the Objects as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds towards general corporate purposes, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, but are not restricted to, the following:

(a) funding growth opportunities;
(b) business development and customer acquisition initiatives;
(c) investment in technology initiatives, including in design capabilities;
(d) employee and personnel expenses;
(e) strategic initiatives including inorganic expansion;
(f) meeting ongoing general corporate exigencies or contingencies; and/or
(g) any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the Companies Act.

The allocation or quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the business requirements of our Company and other relevant considerations, from time to time. Our management, in accordance with the policies of the Board shall have flexibility in utilising surplus amounts, if any.

In addition to the above, our Company may utilize the balance Net Proceeds towards any other expenditure considered expedient and as approved periodically by our Board or a duly appointed committee thereof, subject to compliance with applicable law. Our management will subject to and in accordance with applicable law have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds.

Our management, subject to and in accordance with applicable law and in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Financial Year, we will utilize such unutilized amount in the Financial Years immediately subsequent to the respective Financial Years as disclosed in "-***Proposed schedule of implementation and deployment of Net Proceeds***" on page 103.

Monitoring of utilisation of funds

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a Monitoring Agency for monitoring the utilisation of Gross Proceeds, prior to the filing of the Red Herring Prospectus, as our size of the Offer (excluding the Offer for Sale by the Promoter Selling Shareholder) exceeds ₹ 1,000.00 million, in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Gross Proceeds (including in relation to the utilisation of the Net Proceeds towards general corporate purposes) and the Monitoring Agency shall submit the report to our Company, as required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Proceeds have been utilised in full. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Further, our Company shall within forty-five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on our website as well as submitting the same to the Stock Exchanges. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised if any, of such currently unutilised Net Proceeds. Our Company will also, in its balance sheet for the applicable Financial Years, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the Objects as stated above. Provided that pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall place the statement before the Audit Committee for their review prior to the submission to the Stock Exchanges.

On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Financial Year subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million.

The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than the listing fees which will be borne solely by the Company, all costs, charges, fees and expenses relating to the Offer, including, among other things, filing fees, book building fees and other charges, fees and expenses of the SEBI, the Stock Exchanges, the RoC and any other Governmental Authority, advertising, printing, road show expenses, accommodation and travel expenses, fees and expenses of the legal counsel to the Company and the Indian and international legal counsel to the BRLMs, fees and expenses of the joint statutory auditors, registrar fees and broker fees (including fees for procuring of applications), bank charges, fees and expenses of the BRLMs, syndicate members, Self-Certified Syndicate Banks, other Designated Intermediaries and any other consultant, advisor or third party in connection with the Offer shall be borne by the Company and the Promoter Selling Shareholder in proportion to the number of Equity Shares issued and/or transferred by the Company and

Promoter Selling Shareholder in the Offer, respectively, except as may be prescribed by the SEBI or any other regulatory authority. The Promoter Selling Shareholder agrees that he shall reimburse the Company for any expenses in relation to the Offer paid by the Company on behalf of the Promoter Selling Shareholder directly from the Public Offer Account.

In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, all costs and expenses with respect to the Offer shall be borne by the Company and the Promoter Selling Shareholder on pro rata basis, in proportion to the number of Equity Shares issued and Allotted by our Company through the Fresh Issue and sold by the Promoter Selling Shareholder through the Offer for Sale, including but not limited to, the fees and expenses of the BRLMs and the legal counsels in relation to the Offer, in such manner as agreed.

The break-up for the estimated Offer expenses is as follows:

S. No	Activity	Estimated amount* (₹ in million)	As a % of total estimated Offer Expenses	As a % of Offer Size
(1)	BRLMs' fees and commissions (including underwriting commission)	[●]	[●]	[●]
(2)	Selling commission/processing fee for SCSBs, Sponsor Banks and fee payable to the Sponsor Banks for Bids made by RIBs and Eligible Employees	[●]	[●]	[●]
(3)	Brokerage, selling commission, bidding charges, processing fees and bidding charges for the Members of the Syndicate, Registered Brokers, SCSBs, RTAs and CDPs (2)(3)(4)(5)(6)(7)	[●]	[●]	[●]
(4)	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
(5)	Other expenses including but not limited to:	[●]	[●]	[●]
i.	Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
ii.	Printing and stationery expenses	[●]	[●]	[●]
iii.	Fees payable to the legal counsels	[●]	[●]	[●]
iv.	Advertising and marketing expenses for the Offer	[●]	[●]	[●]
v.	Fees payable to other parties to the Offer including but not limited to the Joint Statutory Auditors, industry report provider, independent chartered engineer and Monitoring Agency	[●]	[●]	[●]
vi.	Miscellaneous	[●]	[●]	[●]
vii.	**Total Estimated Offer Expenses**	[●]	[●]	[●]

**Offer expenses include goods and services tax, where applicable. Offer expenses will be incorporated at the time of filing of the Prospectus. Offer expenses are estimates and are subject to change.*

(1) *Selling commission payable to the SCSBs on the portion for RIIs, Eligible Employees and NIIs which are directly procured by the SCSBs, would be as follows:*

*Portion for RIIs**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

(2) *No processing fees shall be payable by our Company and the Promoter Selling Shareholder to the SCSBs on the applications directly procured by them.*

Processing fees payable to the SCSBs on the portion for RIIs, Eligible Employees and NIIs (excluding UPI Bids) which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/CRTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

*Portion for RIIs, Eligible Employees and NIIs**	*₹[●] per valid application (plus applicable taxes)*

** Processing fees payable to the SCSBs for capturing Syndicate Member/Sub-syndicate (Broker)/Sub-broker code on the ASBA Form for Non-Institutional Investors and Qualified Institutional Bidders with bids above ₹ 0.5 million would be ₹ [●] plus applicable taxes, per valid application.*

(3) *Selling commission on the portion for RIIs (upto ₹ 0.2 million) and NIIs which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, CRTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat and bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:*

Portion for RIIs	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Investors	*[●]%of the Amount Allotted* (plus applicable taxes)*
Portion for Eligible Employees	*[●]% of the Amount Allotted* (plus applicable taxes)*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

The selling commission payable to the Syndicate / Sub-Syndicate Members will be determined (i) for RIIs and NIIs (upto ₹ 0.5 million), on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member; and (ii) for NIIs (above ₹ 0.5 million), Syndicate ASBA Form bearing SM Code and Sub-Syndicate Code of the application form submitted to SCSBs for Blocking of the Fund and uploading on the Exchanges platform by SCSBs. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the Syndicate / Sub Syndicate members and not the SCSB.

Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members) on the applications made using 3-in-1 accounts would be ₹ [●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members). Bidding charges payable to SCSBs on the QIB Portion and NIIs (excluding UPI Bids) which are procured by the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSBs for blocking and uploading would be ₹ [●] per valid application (plus applicable taxes).

The selling commission and bidding charges payable to Registered Brokers the CRTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Selling commission / bidding charges payable to the Registered Brokers on the portion for RIIs procured through UPI Mechanism and NIIs which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows:

Portion for RIIs and NIIs	*₹ [●] per valid application (plus applicable taxes)*

Bidding charges / processing fees for applications made by UPI Bidders would be as under:

Members of the Syndicate / CRTAs / CDPs	*₹ [●] per valid application (plus applicable taxes)*
[●]	*₹ NIL/- per valid Bid cum Application Form (plus applicable taxes)* *[●] will also be entitled to a one time escrow management fee of ₹ [●]* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*
[●]	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)* *[●] will also be entitled to a one time escrow management fee of ₹ [●]* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Escrow and Sponsor Banks Agreement.

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI ICDR Master Circular.

Interim use of Net Proceeds

The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges by our Company. Pending utilization of the Net Proceeds for the purposes described above, our Company undertakes to deposit the Net Proceeds only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board or the IPO Committee.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Other confirmations

Except to the extent of any proceeds received pursuant to the sale of Offered Shares proposed to be sold in the Offer by the Promoter Selling Shareholder, no part of the proceeds of the Offer will be paid by our Company to our Promoters, members of the Promoter Group, our Directors, our Key Managerial Personnel or Senior Management.

Our Company has not entered into and is not planning to enter into any arrangement/agreements with any of our Directors, Key Managerial Personnel and Senior Management in relation to the utilisation of the Net Proceeds. Further, there are no material existing or anticipated interest of such individuals and entities in the objects of the Offer except as set out above.

The Net Proceeds shall not be used for lending, or for financing transactions with any related parties of our Company. The Net Proceeds shall be maintained by our Company in a separate account to be monitored by the Monitoring Agency, until utilization in accordance with the SEBI ICDR Regulations.

Appraising entity

None of the Objects for which the Net Proceeds will be utilized have been appraised by any bank/financial institution. See, "***Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, cash flows, financial condition and results of operations may be adversely affected.***" on page 42.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and the applicable rules, and the SEBI ICDR Regulations, our Company shall not vary the Objects without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Notice**") shall specify the prescribed details as required under the Companies Act, 2013. The Notice shall simultaneously be published in newspapers, one in English and one in Hindi and one in Punjabi, the vernacular language of the jurisdiction where our Registered Office is situated. Pursuant to Section 13(8) of the Companies Act, 2013, our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal, to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of proving of the Equity Shares, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations. See "***Risk Factors – Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.***" on page 53.

BASIS FOR OFFER PRICE

The Price Band and Offer Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares issued through the Book Building Process and quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 2 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should refer to "***Risk Factors***", "***Our Business***", "***Restated Consolidated Financial Information***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 32, 137, 275 and 346, respectively, to have an informed view before making an investment decision.

I. Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are set forth below:

- Indigenous designer and manufacturer of defence equipment manufacturing mission-critical products of national importance.
- In-house manufacturing of bullet resistant boron carbide plates.
- Differentiated product portfolio with a focus on performance and reliability.
- Robust manufacturing and research and development capabilities.
- Experienced Promoters and senior management team.

For further details, see "***Our Business – Strengths***" on page 214.

II. Quantitative Factors

Certain information presented below relating to us is based on the on the Restated Financial Information. For details, see "***Restated Consolidated Financial Information***" on page 275.

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

A. Basic and Diluted Earnings Per Equity Share ("EPS"):

Financial Year/Period Ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2024	2.44	2.44	3
March 31, 2023	1.54	1.54	2
March 31, 2022	1.46	1.46	1
Weighted Average	1.98	1.98	-
Three months period ended June 30, 2023*	0.71	0.71	-
Three months period ended June 30, 2024*	0.15	0.15	-

**Not annualised*

Notes:

1. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights.*
2. *The face value of each Equity Share is ₹2 each.*
3. *Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit or loss for the year/ period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year/ period.*
4. *Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit or loss for the year/ period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year/ period as adjusted for the effects of all dilutive potential Equity Shares outstanding during the year/ period.*
5. *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 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 total number of days during the year/ period.*
6. *Earnings per Share calculations are in accordance with the notified Indian Accounting Standard 33 'Earnings per share'.*
7. *The impact of (i) the bonus issue and sub-division of the equity shares effected in the financial year 2024; and (ii) the bonus issue effected in the financial year 2025 has been considered while computing the above figures of Basic and Diluted EPS for the Financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 and period ended June 30, 2024 and June 30, 2023 as appearing in Restated Consolidated Financial Information.*

B. Price/Earning ("P/E") Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at Floor Price (number of times)*	P/E at Cap Price (number of times)*
Based on basic EPS as per the Restated Consolidated Financial	**[●]**	**[●]**

Particulars	P/E at Floor Price (number of times)*	P/E at Cap Price (number of times)*
Information for the financial year ended March 31, 2024		
Based on basic EPS as per the Restated Consolidated Financial Information for the financial year ended March 31, 2024	[●]	[●]

To be computed after finalisation of price band

C. Industry Peer Group P/E ratio

Particulars	P/E Ratio
Highest	122.25
Lowest	39.55
Average	77.91

Source: The highest, lowest and average Industry P/E shown above is based on the industry peer set provided below under "Comparison with Listed Industry Peers**".*

D. Return on Net Worth ("RoNW")

Financial Year/Period Ended	RoNW (%)	Weight
March 31, 2024	31.26	3
March 31, 2023	28.80	2
March 31, 2022	38.32	1
Weighted Average	31.62	-
June 30, 2024*	8.33	-
June 30, 2023*	2.78	-

**Not annualized*

Notes:

1. *Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.*
2. *Return on Net Worth (%) = Net Profit after tax attributable to owners of the parent, as restated / Restated net worth at the end of the year/ period.*
3. *'Net worth' has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2024; 2023 and 2022, in accordance with Regulation 2(1)(hh) of the ICDR Regulations.*

E. Net Asset Value ("NAV") per Equity Share

Particulars	Amount (₹)
As on June 30, 2024	8.52
As on March 31, 2024	7.81
After the completion of the Offer	
- At the Floor Price	[●]*
- At the Cap Price	[●]*
Offer Price	[●]*

** To be computed post finalization of Price Band.*

Notes:

1. *NAV per Equity Share = Net worth as per the Restated Consolidated Financial Information/ weighted average number of Equity Shares outstanding as of the end of the year/ period.*
2. *'Net worth' has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on June 30, 2024 and March 31, 2024 in accordance with Regulation 2(1)(hh) of the ICDR Regulations.*
3. *The impact of (i) the bonus issue and sub-division of the equity shares effected in the financial year 2024; and (ii) the bonus issue effected in the financial year 2025 has been considered while computing the Net Asset Value as at March 31, 2024 and June 30, 2024 as appearing in Restated Consolidated Financial Information.*

F. Comparison of accounting ratios with listed industry peers

Name of the Companies	Revenue from Operations (₹ million)#	Face Value per Equity Share# (₹)	Closing Price as on October 14, 2024#	P/E as on October 14, 2024	EPS (Basic) # (₹)	EPS (Diluted)# (₹)	Return on Net Worth# (%)	NAV per Equity Share# (₹)
SMPP Limited*	5,160.77	2	-	NA	2.44	2.44	31.26	7.81
Listed Peers								
Premier Explosives Limited$	2,717.17	2	525.35	99.39	5.29	5.29	12.83	41.20
Hindustan Aeronautics Limited	303,810.80	5	4,506.80	39.55	113.95	113.95	26.15	435.75
Bharat Electronics limited	202,682.40	1	285.60	52.39	5.45	5.45	24.38	22.36
Solar Industries India Limited	60,695.20	2	11,293.55	122.25	92.38	92.38	25.54	378.74
Data Patterns (India) Limited	5,198.00	2	2,434.00	75.00	32.45	32.45	13.72	236.53
MTAR technologies Limited	5,807.52	10	1,782.05	97.69	18.24	18.24	8.30	219.88
Astra Microwave Products Limited	9,088.20	2	847.90	65.93	12.86	12.86	12.53	101.76
Bharat dynamics Limited	23,692.75	5	1,188.80	71.12	16.72	16.72	16.85	99.21

**Sourced from the Restated Consolidated Financial Information.*
$Effect of Split of shares of Premier Explosives Limited from the face value of Rs. 10/- to Rs. 2/- has been given while calculating EPS and NAV.
#Details of Revenue from Operations, face value and EPS (Basic and Diluted) for the listed peers is taken from the Annual Report for year ended March 2024 which is available on the website of BSE Limited.

Notes:

1) *All the financial information for listed industry peer is on a consolidated basis except Bharat Dynamics Limited and Data Patterns (India) Limited and is sourced from the financial information of such listed industry peer available on the website of the stock exchanges, as of and for year ended March 31, 2024*
2) *P/E Ratio for the listed industry peers has been computed based on the closing market price of equity shares, on BSE for peers, as of October 14, 2024, divided by the diluted EPS for the respective year end.*
3) *Return on Net Worth (in %) is calculated as profit after tax for the year divided by the Net Worth at the end of the respective year.*
4) *Net worth has been computed as equity share capital instruments entirely in the nature of equity and other equity.*
5) *Net Asset Value per Equity Share represents Net Worth as at the end of the year divided by number of Equity Shares outstanding at the end of the year.*

G. Key Performance Indicators ("KPIs")

The table below sets forth the details of KPIs that our Company considers have a bearing for arriving at the basis for Offer Price. These KPIs have been used historically by our Company to understand and analyze our business performance, which in result, help us in analyzing the growth of business in comparison to our peers. Our Company considers that the KPIs set forth below are the ones that may have a bearing for arriving at the basis for the Offer Price. The Bidders can refer to the below-mentioned KPIs, being a combination of financial and operational key financial and operational metrics, to make an assessment of our Company's performance in various business verticals and make an informed decision. The KPIs disclosed below have been approved and confirmed by a resolution of our Audit Committee dated October 18, 2024. Further, the members of our 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 prior to the date of filing of this Draft Red Herring Prospectus. Further, the KPIs disclosed herein have been certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18, 2024. This certificate on KPIs shall form part of the material contracts for inspection and shall be accessible on the website of our Company at https://smgroupindia.com/investors/material-contracts/. For further details, see "***Material Contracts and Documents for Inspection***" beginning on page 471.

We have described and defined the KPIs, as applicable, in "***Definitions and Abbreviations***" on page 1. For details of our other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see "***Our Business***", and "***Management's Discussion and Analysis of Financial Position and Results of Operations***" on pages 211 and 346, respectively.

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 Directors of our Company), for a period of one year after the date of listing of the Equity Shares on the Stock Exchanges, or for such other duration as required under the SEBI ICDR Regulations.

The Bidders can refer to the below-mentioned KPIs, to make an assessment of our Company's performances and make an informed decision.

Details of our KPIs as of and for the Financial Years ended March 31, 2024, March 31, 2023, March 31, 2022, and three months ended June 30, 2023 and June 30, 2024 is set out below:

Particulars	As of, and for the three-month period ended,		As of, and for the financial year ended,		
	June 30, 2024	June 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations(1) (in ₹ million)	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Revenue Growth (%)(2)	177.43%	NA	47.10%	(4.90)%	NA
EBITDA(3) (in ₹ million)	567.35	108.23	1,828.62	1,144.40	1,167.56
EBITDA Margin (%)(4)	38.92%	20.60%	35.43%	32.62%	31.65%
PAT(5) (in ₹ million)	425.93	92.12	1,465.26	926.08	877.35
PAT Margin (%)(6)	29.22%	17.53%	28.39%	26.40%	23.78%
Net Debt(7) (in ₹ million)	(3,852.48)	(2,295.70)	(2,056.19)	(2,832.89)	(2,013.70)
Net Debt to EBITDA (in times)(8)	(6.79)	(21.21)	(1.12)	(2.48)	(1.72)
Return on Equity (%)(9)*	8.33%	2.78%	31.26%	28.80%	38.32%
Return on Capital Employed (%)(10)*	10.96%	3.77%	42.15%	38.91%	51.45%
Cash Conversion Cycle (Days)(11)	155	123	131	16	NA
Net Fixed Assets Turnover Ratio (in times)(12)*	6.30	2.27	21.82	14.60	13.58
Revenue Split by Products					
Protection Products (in ₹ million)	1,373.60	460.23	4,590.74	3,238.98	3,330.91
Ammunition Components (in ₹ million)	84.07	65.19	570.03	269.30	357.97
Revenue Split by Geography					
Domestic (in ₹ million)	1,346.63	124.03	4,075.11	2,139.64	2,794.03
Exports (in ₹ million)	110.77	401.40	1,085.67	1,367.32	889.10

**Not Annualised for three months ended June 30, 2024 and June 30, 2023.*

[(1)] *Revenue from Operations means the revenue from operations for the year/period.*
[(2)] *Revenue Growth (%) is calculated as a percentage of Revenue from Operations of the relevant year/period minus Revenue from Operations of the preceding year/period, divided by Revenue from Operations of the preceding year/period.*
[(3)]*EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses.*
[(4)]*EBITDA Margin (%) is the percentage of EBITDA divided by Revenue from operations.*
[(5)]*Profit after tax for the year ("PAT") as appearing in the Restated Consolidated Financial Information*
[(6)]*PAT Margin (%) is calculated as Profit after tax for the year/period as a % of Revenue from operations.*
[(7)]*Net Debt – is calculated as Total Debt minus cash and cash equivalents, bank balances other than cash and cash equivalents.*
[(8)]*Net Debt to EBITDA ratio is calculated as Net Debt divided by EBITDA. Total Debt is computed as Non-Current Borrowings plus Current Borrowings. Total Debt minus cash and cash equivalents, bank balances other than cash and cash equivalents (including bank balances in margin money).*
[(9)]*Return on Equity is calculated as a percentage of restated profit for the year/ period divided by total equity*
[(10)]*Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total asset minus total current liabilities. EBIT is calculated as restated profit for the year/ period plus total tax expense and finance cost.*
[(11)] *Cash conversion cycle is calculated as inventory days plus trade receivable days minus Trade payable days. Inventory days are calculated as Inventory divided by Revenue from Operations multiplied by 365 days. Trade receivable days are calculated as Trade receivables divided by Revenue from operations multiplied by 365 days. Trade payable days are calculated as Trade payable divided by Revenue from operations multiplied by 365 days.*
[(12)] *Net Fixed Assets Turnover Ratio is calculated as revenue from operations for the year/period divided by net cost of property, plant, and equipment.*

Brief explanations of the relevance of the KPIs:

The list of our KPIs along with brief explanation of the relevance of the KPI for our business operations are set forth below:

Key metrics	Significance of the KPIs
Revenue from operations	Revenue from Operations represents scale of a Company's business as well as provides information regarding a Company's overall financial performance.
Revenue growth (%)	Growth in Revenue from Operations provides information regarding the growth of the business for the respective year
EBITDA (₹ million)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	It is an indicator of the profitability of a Company's business and assists in tracking the margin profile of a company's business.
PAT (₹ million)	It represents the restated profit / loss for the period / year from continuing operations as per restated consolidated financial information that a Company makes for the financial year or during a given period.
PAT Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of the business.
Net Debt	It is a liquidity metric and it represents the absolute value of borrowings net of cash and cash equivalents, bank balances and other cash and cash equivalents.
Net Debt to EBITDA ratio	It enables a company to measure the ability and extent to which a Company can cover their debt in comparison to the EBITDA being generated by them.
Return on Equity	It represents how efficiently a Company generates profits from their shareholders funds.
Return on Capital Employed	It represents how efficiently a Company generates earnings before interest & tax from the capital employed.
Cash Conversion Cycle	Cash Conversion Cycle days indicate the working capital requirements in relation to revenue generated from operations.
Net Fixed Assets Turnover Ratio	Net Fixed Assets Turnover Ratio measures the efficiency of the fixed assets (property, plant and equipment) in generating revenue.

H. Comparison of our KPIs with listed industry peers for the Financial Years included in the Restated Consolidated Financial Information

2024

KPI	As of, and for the financial year ended, March 31, 2024								
	Company	**Hindustan Aeronautics Limited**	**Bharat Electronics Limited**	**Bharat Dynamics Limited`**	**MTAR Technologies Limited**	**Astra Microwave Products Limited**	**Solar Industries India Limited**	**Data Patterns (India) Limited**	**Premier Explosives Limited**
Revenue from Operations	5,160.77	3,03,810.80	2,01,693.90	23,692.75	5,807.52	9,088.20	60,695.20	5,198.00	2,717.17
Revenue Growth (%)	47.10%	12.83%	13.73%	-4.83%	1.22%	11.44%	-12.32%	14.63%	34.49%
EBITDA	1,828.63	97,675.60	50,885.40	5,365.50	614.60	2,036.10	13,695.60	2,216.20	584.90
EBITDA Margin (%)	35.43%	32.15%	25.23%	22.65%	10.58%	22.40%	2.26%	42.64%	21.53%
PAT	1,465.26	76,209.50	39,852.40	6,127.21	48.71	1,210.66	8752.30	1816.90	284.18
PAT Margin (%)	28.39%	25.08%	19.76%	25.86%	0.84%	13.32%	1.44%	34.95%	10.46%
Net Debt	-2,056.18	(2,64,316.10)	(1,10,565.90)	-	1,400.81	106.73	8,177.10	(3,926.90)	322.50
Net Debt to EBITDA (in times)	-1.12	(0.37)	(0.46)	NA	0.44	19.08	1.67	(0.56)	1.81
Return on Equity (“RoE”) (%)*	31.26%	26.15%	24.38%	16.85%	0.72%	12.53%	25.54%	13.72%	12.83%
Return on Capital Employed (“RoCE”) (%)*	37.72%	24.56%	30.13%	11.33%	11.92%	18.30%	30.00%	18.75%	19.83%
Cash Conversion Cycle (Days)	131	430.77	370.96	657.61	531.92	305.16	130.97	523.94	388.43
Net Fixed Assets Turnover Ratio (in times)*	13.15	**5.26**	**7.23**	**3.52**	**1.71**	**5.43**	**31.63**	**4.31**	**1.41**

2023

KPI	As of, and for the financial year ended, March 31, 2023								
	Company	**Hindustan Aeronautics Limited**	**Bharat Electronics Limited**	**Bharat Dynamics Limited`**	**MTAR Technologies Limited**	**Astra Microwave Products Limited**	**Solar Industries India Limited**	**Data Patterns (India) Limited**	**Premier Explosives Limited**
Revenue from Operations	3,508.28	2,69,275	1,77,344.40	24,893.93	5,737.51	8,155.16	69255.30	4534.5	2,020.30
Revenue Growth (%)	-4.90%	9.37%	15.40%	-11.64%	78.18%	8.67%	75.36%	45.87%	1.46%
EBITDA	1,144.40	67,852.40	29,089.10	4,081.96	1,539.74	1,446.55	12,886.50	1,718.10	59.00
EBITDA Margin (%)	32.62%	25.20%	16.40%	16.40%	26.84%	17.74%	1.86%	37.89%	12.82%
PAT	926.08	58,277.30	29,862.40	3,521.75	1,034.19	698.30	8,111.70	1,240	69.65
PAT Margin (%)	26.40%	22.03%	16.84%	14.15%	18.03%	8.56%	1.17%	27.35%	3.45%
Net Debt	-2,832.89	(2,03,166.10)	(81,115.80)	(38,588.64)	1,121.30	74.60	9,091.40	(5,470.60)	760.03
Net Debt to EBITDA (in times)	-2.48	(0.33)	(0.36)	(0.11)	1.37	19.39	1.42	(0.31)	0.34
Return on Equity (“RoE”) (%)*	28.80%	25.16%	21.52%	10.97%	16.68%	10.87%	29.49%	10.62%	3.55%
Return on Capital Employed (“RoCE”) (%)*	33.88%	18.05%	26.38%	7.52%	21.45%	17.56%	35.02%	13.19%	8.53%
Cash Conversion Cycle (Days)	16	430.77	370.38	246.09	431.11	392.75	90.29	299.37	312

KPI	Company	Hindustan Aeronautics Limited	Bharat Electronics Limited	Bharat Dynamics Limited`	MTAR Technologies Limited	Astra Microwave Products Limited	Solar Industries India Limited	Data Patterns (India) Limited	Premier Explosives Limited
	As of, and for the financial year ended, March 31, 2023								
Net Fixed Assets Turnover Ratio (in times)*	10.05	4.64	6.58	3.85	1.98	4.91	42.89	4.97	1.11

2022

KPI	Company	Hindustan Aeronautics Limited	Bharat Electronics Limited	Bharat Dynamics Limited`	MTAR Technologies Limited	Astra Microwave Products Limited	Solar Industries India Limited	Data Patterns (India) Limited	Premier Explosives Limited
	As of, and for the financial year ended, March 31, 2022								
Revenue from Operations	3,688.88	2,46,200	1,53,681.80	28,174.03	3,220.06	7,504.63	39,476.10	3,108.50	1,991.28
Revenue Growth (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA
EBITDA	1,167.56	55,550.70	33,867.30	6,924.81	944.26	869.64	7,472.60	1,410.40	209.31
EBITDA Margin (%)	31.65%	22.56%	22.04%	24.58%	29.32%	11.59%	1.89%	45.37%	10.51%
PAT	877.35	50,798.80	24,002.20	4,999.24	608.74	378.71	4554.7	939.70	52.22
PAT Margin (%)	23.78%	21.23%	15.62%	17.74%	18.90%	5.05%	1.15%	30.23%	2.62%
Net Debt	-2,013.70	(1,43,477.20)	(75,637.40)	(18,995.34)	289.69	(7.08)	7,673.60	(1,703.10)	731.04
Net Debt to EBITDA (in times)	-1.72	(0.39)	(0.45)	(0.36)	3.26	(122.80)	0.97	(0.83)	0.29
Return on Equity (“RoE”) (%)*	38.32%	27.06%	19.51%	16.50%	11.71%	6.47%	22.60%	16.36%	2.74%
Return on Capital Employed (“RoCE”) (%)*	48.42%	15.83%	22.13%	17.91%	15.80%	11.62%	25.23%	22.94%	6.84%
Cash Conversion Cycle (Days)	NA	799.40	388.17	480.92	436.94	366.81	96.39	408.26	359.77
Net Fixed Assets Turnover Ratio (in times)*	11.25	4.15	6.12	4.00	1.65	4.73	27.87	7.04	1.16

June 30, 2023

KPI	Company	Hindustan Aeronautics Limited	Bharat Electronics Limited	Bharat Dynamics Limited`	MTAR Technologies Limited	Astra Microwave Products Limited	Solar Industries India Limited	Data Patterns (India) Limited	Premier Explosives Limited
	As of, and for the three-month period ended, June 30, 2023								
Revenue from Operations	525.42	39,154	35,329.40	NA	1,525.62	1,337.29	16,822.10	NA	619.51
Revenue Growth (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA
EBITDA	108.20	8804.9	6,822.60	NA	344.83	29.34	3,230.20	NA	166.53
EBITDA Margin (%)	20.60%	22.49%	19.32%	NA	22.60%	2.19%	1.92%	NA	26.88%
PAT	92.12	8140.90	5,386.00	NA	203.36	-67.357	2,015.90	NA	82.63

KPI	As of, and for the three-month period ended, June 30, 2023								
	Company	Hindustan Aeronautics Limited	Bharat Electronics Limited	Bharat Dynamics Limited`	MTAR Technologies Limited	Astra Microwave Products Limited	Solar Industries India Limited	Data Patterns (India) Limited	Premier Explosives Limited
PAT Margin (%)	17.53%	20.79%	15.25%	NA	13.33%	-5.04%	1.20%	NA	13.34%
Net Debt	-2,295.70	NA	Nil	NA	NA	NA	NA	NA	NA
Net Debt to EBITDA (in times)	-21.22	NA	Nil	NA	NA	NA	NA	NA	NA
Return on Equity (“RoE”) (%)*	2.78%	NA	NA	NA	NA	NA	NA	NA	NA
Return on Capital Employed (“RoCE”) (%)*	2.85%	NA	NA	NA	NA	NA	NA	NA	NA
Cash Conversion Cycle (Days)	123	NA	NA	NA	NA	NA	NA	NA	NA
Net Fixed Assets Turnover Ratio (in times)*	1.49	NA	NA	NA	NA	NA	NA	NA	NA

June 30, 2024

KPI	As of, and for the three-month period ended, June 30, 2024								
	Company	Hindustan Aeronautics Limited	Bharat Electronics Limited	Bharat Dynamics Limited`	MTAR Technologies Limited	Astra Microwave Products Limited	Solar Industries India Limited	Data Patterns (India) Limited	Premier Explosives Limited
Revenue from Operations	1,457.67	43,475	42,435.70	1,911.70	1,282.60	1,551.78	16,822.10	NA	828.581
Revenue Growth (%)	177.43%	-0.11	20.11%	-35.79%	-15.93%	16.04%	0.75%	NA	33.75%
EBITDA	567.35	9,967.40	9,584.90	(523.22)	166.07	258.84	4,514.50	NA	157.01
EBITDA Margin (%)	38.92%	22.93%	22.59%	-27.37%	12.95%	3.17%	2.66%	NA	7.77%
PAT	425.93	14371.40	7,912.80	72.163	44.28	72.043	3,005.40	NA	73.26
PAT Margin (%)	29.22%	33.06%	18.65%	3.77%	3.45%	0.88%	1.77%	NA	3.63%
Net Debt	-3,852.47	NA	Nil	NA	NA	NA	NA	NA	NA
Net Debt to EBITDA (in times)	-6.79	NA	Nil	NA	NA	NA	NA	NA	NA
Return on Equity (“RoE”) (%)*	8.33%	NA	NA	NA	NA	NA	NA	NA	NA
Return on Capital Employed (“RoCE”) (%)*	10.70%	NA	NA	NA	NA	NA	NA	NA	NA
Cash Conversion Cycle (Days)	155	NA	NA	NA	NA	NA	NA	NA	NA
Net Fixed Assets Turnover Ratio (in times)*	3.65	NA	NA	NA	NA	NA	NA	NA	NA

1. *Revenue from Operations for the year/ period as appearing in the respective financial statement of these companies.*
2. *Revenue growth (%) is calculated as a percentage of Revenue from Operations of the relevant year/ period minus Revenue from Operations of the preceding year/ period, divided by Revenue from Operations of the preceding year/ period.*
3. *EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses.*
4. *EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations*
5. *PAT means profit for the year/ period as appearing in the respective financial statement of these companies.*
6. *PAT Margin (%) is calculated as Profit for the year/ period as a percentage of Revenue from Operations*
7. *Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.*
8. *Net Debt to EBITDA is calculated as Net Debt divided by EBITDA. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.*
9. *Return on Equity is calculated as profit for the year/ period divided by total equity.*
10. *Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total current assets minus current liabilities. EBIT is calculated as profit before tax plus total finance costs.*
11. *Cash Conversion Cycle (Days)*

- *For Fiscal 2024 and 2023, cash conversion cycle is calculated as Inventory days plus Trade receivable days minus Trade payable days. Inventory days is calculated as Average Inventory divided by Cost of Goods Sold ('COGS') multiplied by 365 days.*
- *Trade receivable days is calculated as Average Trade receivables divided by revenue from operations multiplied by 365 days.*
- *Trade payable days is calculated as Trade payable divided by COGS multiplied by 365 days.*
- *Cost of Goods Sold ('COGS') which is a sum of the cost of raw materials and components consumed, (increase)/decrease in inventories of finished goods, work-in-progress, scrap, purchase of traded goods and cost of services*

12. *Net Fixed Assets Turnover Ratio is calculated as revenue from operations for the year/ period divided by cost of property, plant and equipment.*

I. Comparison of KPIs based on additions or dispositions to our business

Our Company has not undertaken a material acquisition or disposition of assets / business during the years that are covered by the KPIs and accordingly, no comparison of KPIs over time based on additions or dispositions to the business, have been provided.

J. Weighted average cost of acquisition, Floor Price and Cap Price

(a) Price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuances")

There has been no issuance of Specified Securities 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-Offer capital before such transaction(s) and excluding employee stock options granted but not vested (as applicable)), in a single transaction or multiple transactions combined together over a span of 30 days.

(b) Price per share of the Company (as adjusted for corporate actions, including bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) involving the Promoters, members of the Promoter Group and/or any shareholders of the Company with rights to nominate directors during the 18 months preceding the date of filing of the DRHP/ RHP, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction/s), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Secondary Transactions")

There have been no secondary sale/ acquisitions of Specified Securities, where the Promoters, the Promoter Group, Selling Shareholders or Special Rights Shareholders, are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either the 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-Offer 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.

(c) Price of Equity Shares for last five primary or secondary transactions (where Promoters, members of the Promoter Group, Selling Shareholders or Shareholder(s) having the right to nominate

Director(s) on our Board, are a party to the transaction), not older than three years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions

Since there are no such transactions to report to under (a) and (b) above, information based on last five primary or secondary transactions (secondary transactions where our Promoters/members of our Promoter Group or Promoter Selling Shareholder or Shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), during the three years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions, is as below:

Date of allotment/ transfer	Nature of allotment/ transfer	No. of equity shares transacted	Face value per equity share (₹)	Issue price / transfer price per equity share (₹)	Nature of consideration	Total consideration (in ₹)
Primary Transaction						
November 24, 2023	199,000,000	2.00	N.A.	Bonus issue	N.A.	NIL
October 5, 2024	400,000,000	2.00	N.A.	Bonus issue	N.A.	NIL
Total	**599,000,000**					**NIL**
Weighted average cost of acquisition						**NIL**
Secondary Transaction						
August 16, 2024	1 equity share transferred to Kansal Auto Spares Private Limited	(1)	2	2	Cash	2.00
	1 equity share transferred to Sopan Properties Private Limited	(1)	2	2	Cash	2.00
	1 equity share transferred to Wiseman Systems Private Limited	(1)	2	2	Cash	2.00
Total		**3**				**6.00**
Weighted average cost of acquisition						**2.00**

(d) Weighted average cost of acquisition, floor price and cap price

The Floor Price is [●] times and the Cap Price is [●] times the weighted average cost of acquisition based on Primary Issuances and Secondary Transactions as disclosed below:

Type of transactions	Weighted average cost of acquisition per Equity Share (₹)#	Floor Price ₹[●]*	Cap Price ₹[●]*
Weighted average cost of acquisition of Specified Securities according to (a) above	N.A.	[●]	[●]
Weighted average cost of acquisition of Specified Securities according to (ii) above	N.A.	[●]	[●]
III. Since there are no such transactions to report to under (I) and (II) above, the information has been disclosed for price per share of our Company based on the last five primary or secondary transactions where our Promoters/members of our Promoter Group or Shareholder(s) having the right to nominate director(s) on the Board of our Company, are a party to the transaction, during the three years prior to the date of filing of this Draft Red Herring Prospectus irrespective of the size of the transaction, is as below:			
(a) WACA of Equity Shares based on primary issuances undertaken during the three immediately preceding years	NIL**	[●]	[●]
(b) WACA of Equity Shares based on secondary transactions undertaken during the three immediately preceding years	2.00	[●]	[●]

* *To be updated at the Prospectus stage.*

#As certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18, 2024.
***Taking into consideration cost of Equity Shares issued pursuant to a bonus issue which are issued at no consideration.*

(e) **Detailed explanation for Offer Price/ Cap Price being [●] times of weighted average cost of acquisition of primary issuances /secondary transactions of Equity Shares (as disclosed above) along with our Company's KPIs and financial ratios for Fiscal 2023, 2023 and 2022**

[●]*

* *To be included on finalisation of Price Band.*

(f) Explanation for the Offer Price/Cap Price, being [●] times of weighted average cost of acquisition of primary issuances/secondary transactions of Equity Shares (as disclosed above) in view of the external factors which may have influenced the pricing of the Offer.

[●]*

**To be included on finalisation of Price Band.*

Justification of the Cap Price

[●]*

**To be included on finalisation of Price Band.*

Investors should read the above-mentioned information along with "***Risk Factors***", "***Our Business***" and "***Restated Consolidated Financial Information***" on pages 32, 211 and 275, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "***Risk Factors***" on page 32 and you may lose all or part of your investments.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS

To,

The Board of Directors
SMPP Limited
Sunilaya, Railway Road
Sangrur 148001
Punjab, India

Dear Sir/Ma'am,

Re: Sub: Proposed initial public offering of equity shares (the "Equity Shares") of SMPP Limited (the "Company", and such initial public offering, the "Offer")

We have been informed that the Company proposes to file the Draft Red Herring Prospectus with respect to the Offer (the "**DRHP**") with the Securities and Exchange Board of India (the "**SEBI**"), and the stock exchanges where the Equity Shares are proposed to be listed (the "**Stock Exchanges**") in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**") and subsequently proposes to file the Red Herring Prospectus (the "**RHP**") and the Prospectus (collectively with the DRHP, RHP and any other documents or materials to be issued in relation to the Offer, the "**Offer Documents**") with the Registrar of Companies, Punjab and Chandigarh, at Chandigarh (the "**RoC**") and subsequently with the SEBI and the Stock Exchanges.

In this regard, we have been requested by the Company to verify and confirm the details of the various special tax benefits available to the Company and its shareholders.

The Company does not have any material subsidiaries for the purpose of disclosure of tax benefits in terms of Para 9 (L) of Part A of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "**SEBI ICDR Regulations**").

We hereby confirm that the enclosed **Annexure I** provides a statement of the possible special tax benefits available to the Company and its shareholders under direct and indirect tax laws, including the Income Tax Act, 1961, as amended by the Finance Act 2024, i.e., applicable for the financial year 2023-2024, relevant to the assessment year 2025-2026, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the respective State/Union Territory Goods and Services Tax Act, 2017, the Customs Act, 1962, the Customs Tariff Act, 1975, the Foreign Trade (Development and Regulation) Act, 1992, the applicable foreign trade policy, each read with the relevant rules, circulars, and notifications issued thereunder and each as amended (collectively, the "**Tax Laws**").

The contents of the enclosed **Annexure I** are based on the information, explanations and representations obtained from the Company.

We have conducted our examination in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India ("**ICAI**"). SRS 4400 is generally adopted to perform agreed upon procedures regarding financial information, however, this standard can also be used as a guide to perform agreed upon procedures regarding non-financial information.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements issued by the ICAI.

In our opinion, **Annexure I** presents, in all material respects, the possible special tax benefits available, to the Company and its shareholders, in accordance with the Tax Laws as of the date of our report.

We are unable to express any opinion or provide any assurance as to whether:

(i) The Company or its shareholders will continue to obtain the benefits per **Annexure I** in future; or
(ii) The conditions prescribed for availing the benefits per **Annexure I** have been/would be met with.

We confirm that we will immediately inform any changes in writing in the above information to the Company and the Lead Managers until the commencement of trading of Equity Shares pursuant to the Offer. In the absence of any such communication from us, the information provided in this report should be considered as updated information until the Equity Shares commence trading on the Stock Exchanges pursuant to the Offer. Further, we consent to the inclusion of this report as a part of the "*Material Contracts and Documents for Inspection*" in connection with the Offer, which will be available to the public for inspection in terms of the Offer Documents.

This report is for the information of and inclusion (in part or full) in the Offer Documents, and may be relied upon by the Company, the Lead Managers and their respective affiliates and the legal advisors to each of the Company and the Lead Managers. We hereby consent to the submission of this report as may be necessary to the SEBI, the RoC, the Stock Exchanges and any other regulatory authority and/or for the records to be maintained by the Lead Managers and in accordance with applicable law. We also consent to this report being disclosed by the Lead Managers, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

All capitalized terms used herein but not defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully,

For **S S Kothari Mehta & Co. LLP**
Chartered Accountants
Firm Registration Number: 000756N/N500441

Name: Neeraj Bansal
Designation: Partner
Membership Number: 095960
UDIN: 24095960BKFAGB3093
Date: October 16, 2024
Place: New Delhi

For **Jagdish Sapra & Co. LLP**
Chartered Accountants
Firm Registration Number: 001378N/N500037

Name: Vipal Kumar Kalra
Designation: Partner
Membership Number: 084583
UDIN: 24084583BKCKQQ5506
Date: October 16, 2024
Place: Delhi

ANNEXURE I

Part A

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SMPP LIMITED (FORMERLY KNOWN AS SMPP PRIVATELIMITED AND ("THE COMPANY") AND ITS SHAREHOLDERS.

The information provided below sets out the Possible Special Direct Tax & Indirect Tax benefits available to the Company, and its Shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Equity Shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the Company and its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company, and the Shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company, and the Shareholders of the Company may or may not choose to fulfill.

Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the Shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Taxation Laws.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own Tax Consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

The tax benefits stated below are as per the Income-tax Act, 1961 ("IT Act") as amended from time to time and applicable for financial year 2024-25 relevant to assessment year 2025-26 (A Y 2025-26) and indirect tax laws as amended from time to time and applicable for financial year 2024-25.

I. Under the Direct Tax Laws

<u>Special Tax Benefits available to the Company under the IT Act</u>

<u>Lower corporate tax rate under section 115BAA</u>

Section 115BAA has been inserted in the IT Act w.e.f. FY 2019-20. It gives an option to domestic company to be governed by this section from a particular assessment year. If a company opts for section 115BAA of the IT Act, the company can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). However once opted for reduced rate of taxation under the said section, it cannot be subsequently withdrawn.

Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their ‘book profits’ under section 115JB of the IT Act. However, such a company will no longer be eligible to avail any specified exemptions / incentives under the IT Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

However, the domestic Company shall be entitled to claim deduction u/s 80M and 80JJAA of the IT Act even if it has opted for reduced rate u/s 115BAA of the IT Act.

The Company has already evaluated and opted for the lower corporate tax rate of 25.168%, as prescribed under section 115BAA of the IT Act.

<u>Deductions from Gross Total Income</u>

<u>Deduction in respect of inter-corporate dividends – Section 80M of the IT Act</u>

Earlier, a company was liable to pay Dividend Distribution Tax ("DDT") on the dividend paid by it to a shareholder and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT has been abolished and dividend received by shareholders on or after 1st April, 2020 is liable to be taxed in their respective hands. The Company is required to deduct Tax at Source ("TDS") at applicable rate specified under the IT Act for both resident and non-resident shareholders. For non-resident shareholders, the rate specified under the IT Act would be subject to benefit available under applicable Double Taxation Avoidance Agreement (if any) and Multi-lateral instruments.

With respect to a resident corporate shareholder, section 80M has been inserted in the IT Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. This section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall be allowed deduction of an amount which will be lower of the following:

• Dividends received from such other domestic company or foreign company or business trust; or
• Amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the IT Act.

Section 80JJAA of the IT Act – Deduction in respect of employment of new employees
The provisions of section 80JJAA of the IT Act provides for deduction from the business income of the Assessee of an amount equal to thirty per cent (30%) of additional employee cost per year for three consecutive assessment years including the assessment year relevant to the previous year in which such employment is provided, subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act.

Special tax benefit available to the Shareholders of the Company. There are no special tax benefits available to the Shareholders of the Company for investing in the shares of the company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act.

II. Under the indirect Tax Laws

Special Indirect Tax Benefits available to the Company

The Company is not entitled to any special tax benefits under indirect tax laws.

Special Tax Benefits available to Shareholders

The Shareholders of the Company are not entitled to any special tax benefits under indirect tax laws.

NOTES:
1. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Taxation Laws.

2. The above Statement set out in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

3. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her Tax Advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV – ABOUT OUR COMPANY

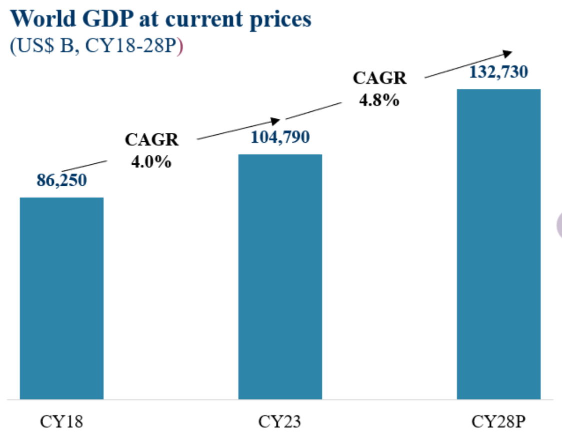
INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Defence Industry Report" dated October 18, 2024 (the "**1Lattice Report**") prepared and issued by Lattice Technologies Private Limited, exclusively commissioned and paid for by us for the purposes of confirming our understanding of the industry, in connection with the Offer. Unless otherwise indicated, financial, operational, industry and other related information derived from the 1Lattice Report and included herein with respect to any particular year refers to such information for the relevant calendar year. A copy of the 1Lattice Report is available on the website of our Company at www.smgroupindia.com/investors/industryreport. For further information, see "**Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from the industry report titled "Defence Industry Report" which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.**" on page 55. Also see, "**Certain Conventions, Currency of Presentation, Use of Financial Information and Market Data –Industry and Market Data**" on page 16.*

MACROECONOMIC OUTLOOK

Macroeconomic overview

The global gross domestic product ("**GDP**") is expected to grow at a compound annual growth rate ("**CAGR**") of 4.8% from 2023 to 2028, having grown at a CAGR of 4.0% during 2018 to 2023, the low figure was due to COVID-19.



Note(s): P-Projected
Source(s): International Monetary Fund

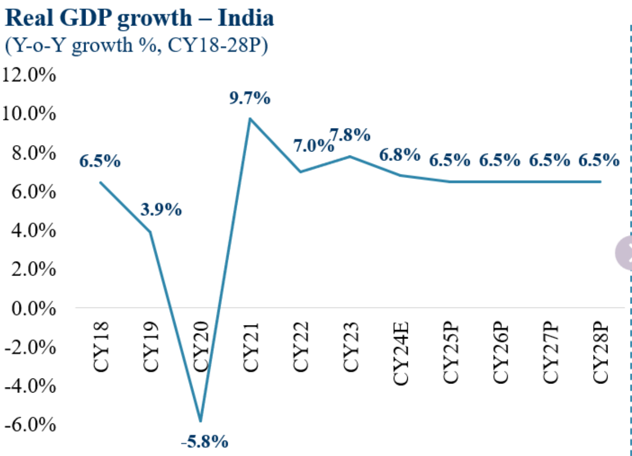
Real GDP growth – Germany, Italy, USA, China, India, USA, and UK (Y-o-Y growth %, CY18-28P)

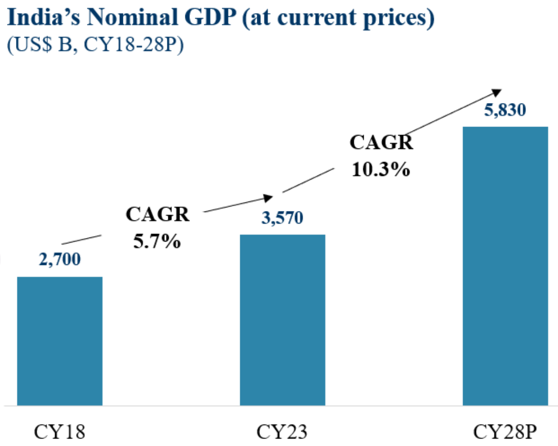
Region	CY18	CY19	CY20	CY21	CY22	CY23	CY28P
World	3.6%	2.8%	-2.7%	6.5%	3.5%	3.2%	3.1%
Germany	1.0%	1.1%	-3.8%	3.2%	1.8%	-0.3%	0.8%
Italy	0.9%	0.5%	-9.0%	8.3%	4.0%	0.9%	0.8%
China	6.8%	6.0%	2.2%	8.4%	3.0%	5.2%	3.4%
India	6.5%	3.9%	-5.8%	9.7%	7.0%	7.8%	6.5%
USA	3.0%	2.5%	-2.2%	5.8%	1.9%	2.5%	2.1%
UK	1.4%	1.6%	-10.4%	8.7%	4.3%	0.1%	1.6%

The global economy slowed down owing to the COVID-19 pandemic, but post that, has shown recovery. After a significant decline in 2020, recovery was made possible by extended fiscal support, adaptation to new work patterns, and vaccine distribution. Global GDP grew in 2023 at the rate of 3.2%, which was slightly lower than the expected growth rate, because of the geopolitical crisis of the Russia-Ukraine war and the Israel-Palestine conflict. Furthermore, global real GDP is projected to grow at an average rate of 3.1% from 2023 to 2028. If we, however, look at corresponding growth projections for India, India is expected to maintain the highest growth rate, with its current year-on-year growth rate standing at 7.8% in 2023 and projected to grow at 6.5% CAGR up to 2028.

India's GDP was at U.S.$3,570 billion in 2023 and is estimated to reach U.S.$5,830 billion in 2028, growing at a CAGR of 10.3% from 2023 to 2028.

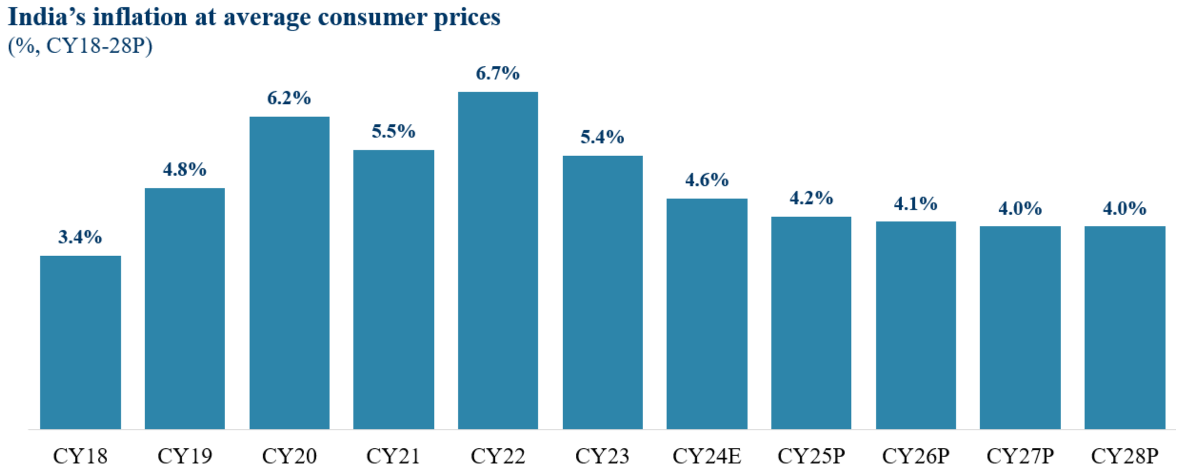
India is currently the fifth-largest economy in 2023 and is expected to become the third largest by 2030. India's GDP (at current prices) grew from U.S.$2,700 billion to U.S.$3,570 billion between 2018 and 2023. This GDP growth can be attributed to robust reforms like GST, corporate tax revision, revised FDI limit, and growth across sectors. The real GDP growth reached 7.8% in 2023 and is projected to grow at a rate of 6.5% till 2028.





Note(s): P-Projected
Source(s): International Monetary Fund

In 2023, India's inflation rate was 5.4%, and it is anticipated to decrease moving forward, gradually stabilizing at around 4.0% by 2028.

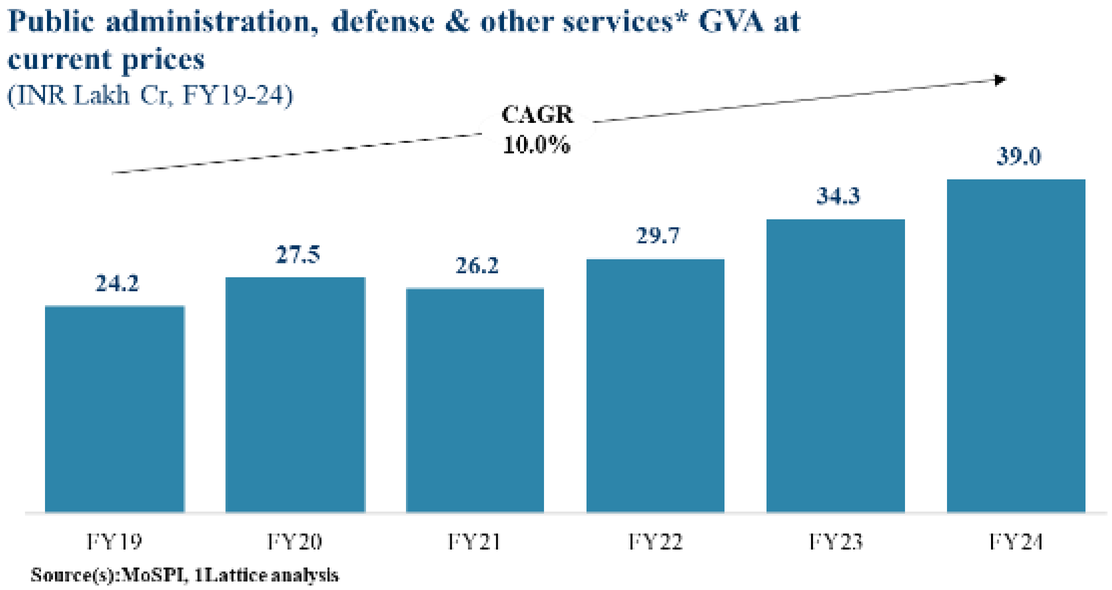


Note(s): P-Projected, E-Estimated
Source(s): International Monetary Fund

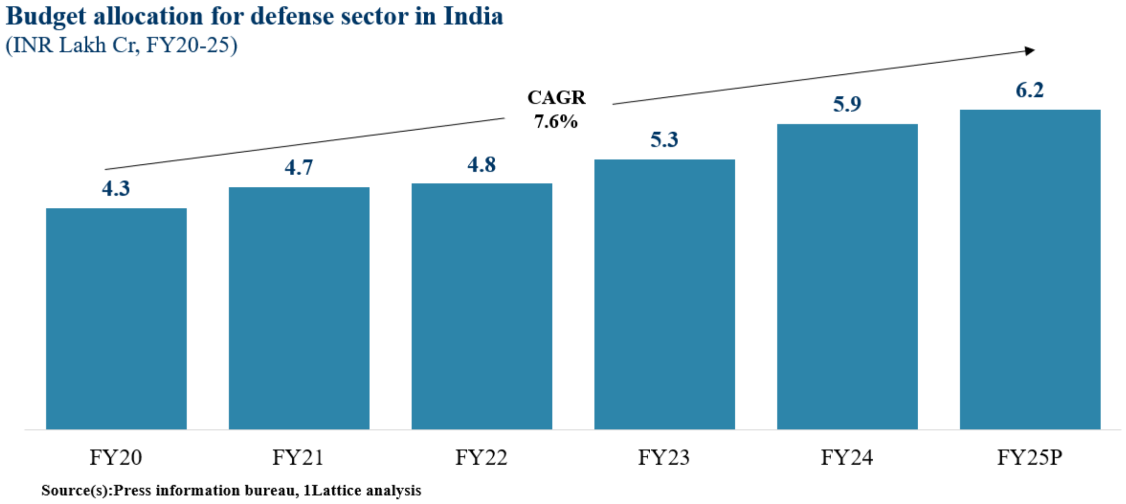
The Russia-Ukraine war in 2022 has led to a geopolitical crisis, creating global supply chain disruptions and thus leading to an unprecedented rise in prices. While this impacted India, the situation later stabilized due to a decrease in CPI, which fell to 5.4% in 2023, compared to 6.7% in 2022. This decline was not only the result of the Indian government and RBI's inflation control measures but also the gradual reduction in the fiscal deficit. In Fiscal 2023, India's fiscal deficit stood at 6.4% of GDP, which declined to 5.8% in Fiscal 2024 and is expected to decline to 4.9% by Fiscal 2025. This improvement in the fiscal deficit has played a crucial role in easing inflationary pressures by reducing government borrowing needs, thereby controlling public debt and stabilizing market expectations. The RBI kept repo rates steady to prevent unnecessary market disruptions. Simultaneously, the government took actions such as reducing excise duties on petrol and diesel, and lowering import duties on essential raw materials like crude edible oils. The anticipated decrease in inflation over the coming years can be attributed to the government's comprehensive economic policies aimed at managing inflation, which include monetary, fiscal, and supply-side measures.

Public administration, defence, and other services sector GVA growth

The public administration, defence, and other services sector has demonstrated significant growth in recent years, underscoring its expanding role in India's economic framework. This sector not only remains essential for national security and governance but also serves as a key driver of overall economic progress. The GVA has seen constant growth, going from ₹ 24.2 lakh crore in Fiscal 2019 to ₹ 39 lakh crore in Fiscal 2024. This steady upward trend highlights the sector's resilience and growing importance in the country's broader economic landscape.



Budget Allocation Towards Defence in India

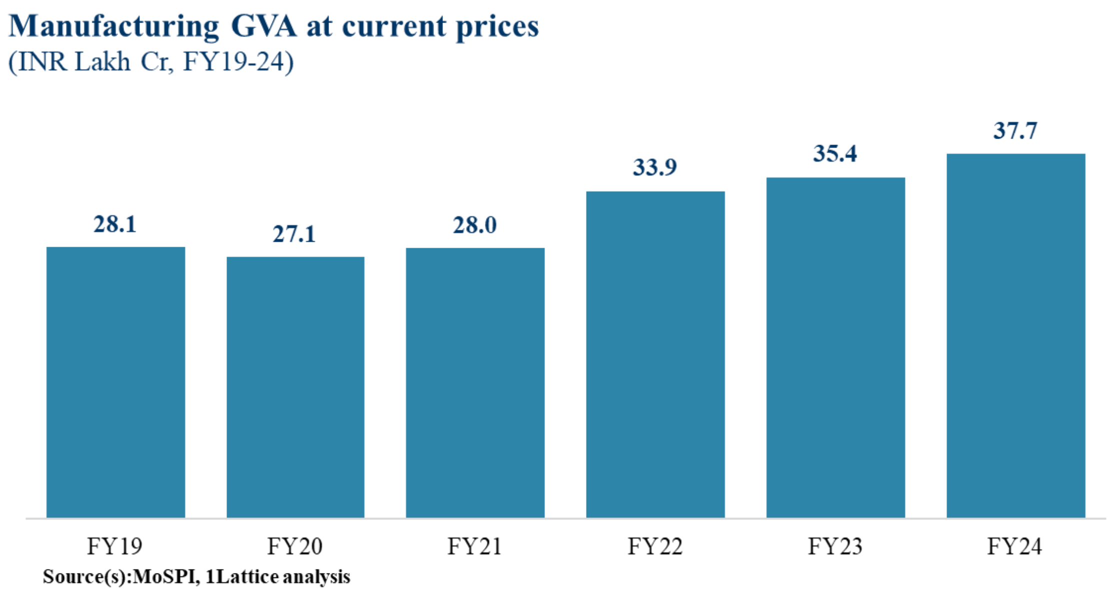


India's defence budgetary allocation has steadily increased over the past five years, growing at a CAGR of approximately 7.6% between Fiscal 2020 and Fiscal 2025, reaching approximately ₹ 6.2 lakh crore in Fiscal 2025. India's growing economy, resource availability, regional security concerns, and military modernization efforts have propelled its defence spending. This increase reflects the government's commitment to strengthening military capabilities. Alongside this budget growth, the government has aggressively pursued indigenization policies, including the issuance of PILs and prioritizing domestic procurement under DAP-2020, to ensure that a significant portion of this spending supports the development of indigenous defence technology and manufacturing.

GEOPOLITICAL OVERVIEW

Manufacturing GVA growth

Manufacturing, a vital part of GDP, grew steadily from ₹ 28.1 lakh crore in terms of GVA in Fiscal 2019 to ₹ 37.7 lakh crore in Fiscal 2024. Manufacturing stands as a cornerstone in the nation's economic advancement, driven by key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables. Moreover, a strong manufacturing sector boosts exports, contributing to national income. The industry generated 16% to 17% of India's GDP pre-pandemic and is projected to be one of the fastest-growing sectors. Overall, manufacturing industry's health is pivotal for economic prosperity, making it a crucial GDP component and a key driver of growth.



Global geopolitical context

The global defence sector is influenced by shifting power, new technologies, and changing interests. Nations are dealing with rising competition between major powers, regional conflicts, and asymmetric threats. Key events like the Russia-NATO tensions, US-China rivalry, conflicts in the Gulf, and instability in Europe are driving increased defence spending and shaping military policies. These factors contribute to a complex and unpredictable global environment

Russia NATO conflict: Russia's 2022 invasion of Ukraine escalated the conflict that began with Crimea's annexation in 2014. It has created significant global risks, including a humanitarian crisis, impact on capital flows, trade, and commodity markets. NATO-Russia relations are at their lowest since the Cold War, worsened by sanctions on Russia and NATO's support for Ukraine. The war has driven up demand in the arms industry and led to the largest defence budget increases in 30 years for European countries.

US-China strategic competition: China's expanding military presence in the South China Sea, particularly near the Philippines. The trade conflict, which began in 2018 with US tariffs on Chinese goods, disrupted global trade. Despite a 2020 trade deal, the US has restricted technology exports to China over intellectual property concerns. The growing trade of LNG between the US and China, with China being a major purchaser, has raised concerns about China's influence on the US energy sector.

Gulf tensions: The Israeli-Palestinian conflict, intensified by the October 2023 Israel-Hamas war, is rooted in long-standing disputes over land and self-determination. It is leading to a severe humanitarian crisis in Gaza. Meanwhile, Iran-backed militants across the Middle East threaten Israeli and Western interests, particularly U.S. troops and commercial shipping. With the main conflict involving Israel, the U.S., and Iran, where heightened risks stem from Iran's April 2024 aerial attack on Israel and nuclear advancements.

European fragmentation: Attention on European fragmentation has increased since last year. Europe is united on key issues like boosting EU competitiveness, enhancing strategic autonomy, and supporting Ukraine, but disagreements mainly involve how to implement and fund these goals. Tensions could arise from migration, which hit record levels last year. The update of EU fiscal rules paused during COVID-19, might also cause conflicts between national governments and Brussels.

Taiwan-China crisis: The Taiwan-China crisis is rooted in China's claim over Taiwan as a breakaway province and Taiwan's insistence on its sovereignty. Tensions have escalated in recent years, with China increasing military activity near Taiwan, heightening the risk of a potential conflict. The situation is further complicated by the United States' strategic ambiguity, supporting Taiwan with defence capabilities without officially recognizing its independence.

Conflict in the West Asia: The ongoing conflict in the Middle East, particularly the escalation of hostilities involving Israel and Hamas, has introduced significant uncertainties into the global economy. While immediate effects are primarily felt in financial markets, with investors shifting towards safe-haven assets like the U.S. dollar, the potential for a broader conflict raises concerns over oil prices. A disruption in oil supply due to attacks on Iranian infrastructure could lead to a sharp increase in prices, impacting economies worldwide, especially in Europe, which lacks major domestic oil production. Furthermore, rising oil prices contribute to inflationary pressures in the U.S., affecting production and shipping costs and ultimately raising consumer prices. Prolonged high interest rates in the U.S. may deter investment in emerging markets, potentially leading to currency depreciation in countries like Indonesia.

India geopolitical context

India's geopolitical position has changed significantly in recent years as it aims to strengthen its global presence. It focuses on independence and a multipolar world while managing complex relationships with China, Pakistan, and Bangladesh.

Pakistan: The 1947 partition of India created Pakistan and left the Kashmir region as a hotspot of conflict, leading to several wars: the 1947 Kashmir war, the 1965 Indo-Pak war, the 1971 East Pakistan war, and the 1999 Kargil War. Despite diplomatic efforts, trust issues persist, and tensions remain high. The status of Pakistan-administered Kashmir is still unresolved, straining relations further. Recently, Pakistan has strengthened its ties with China through increased defence cooperation and joint military exercises.

China: The 1962 Sino-Indian War started ongoing tensions over territorial disputes in the Himalayan region, especially along the LAC. The Galwan Valley clash in 2020, which resulted in fatalities, highlighted rising tensions. Despite these political issues, trade and investment between India and China have continued to grow, with China becoming a major trading partner for India. Ongoing border disputes and periodic military talks show the ongoing challenges in their relationship, with the Galwan incident increasing strategic tensions.

Maldives: India and Maldives, sharing a maritime border, have maintained a close relationship since Maldives' independence. India helped the Maldives during an LTTE attack through Operation Cactus, preventing the terrorists' success. Both countries have many trade and security agreements. Recently, China's influence in the Maldives has grown due to major investments and loans, making the Maldives a key player in the India-China rivalry. The new Maldivian president has requested the removal of Indian military personnel, reflecting a shift from the previous "India first" policy and potentially affecting future defence cooperation. However, there is a notable shift in their approach towards India and seek to engage in cooperation.

Bangladesh: India played a pivotal role in Bangladesh's independence from Pakistan by supporting the Mukti Bahini, leading to the creation of Bangladesh. The Land Boundary Agreement resolved long-standing border issues and strengthened bilateral relations. This improvement has enhanced commerce and connectivity between the two countries, providing economic benefits to both. However, recent unrest in Bangladesh due to policy changes and a government shift has created sensitive conditions that could impact bilateral trade and strain India's relationship with Bangladesh.

Myanmar: India and Myanmar share a rich cultural heritage and close geographical ties and have strong relations. They work together on border security to improve regional stability. India's "Act East" strategy focuses on better connectivity and economic cooperation with Myanmar, boosting regional growth. While military efforts have aimed to control insurgent groups, recent decline in its control over Myanmar's border areas have led to the latter's resurgence. The worsening crisis and ongoing ethnic conflicts raise concerns about further instability.

Impact of Recent Wars on the Defence Sector

Recent wars have profoundly affected the defence sector, leading to advancements in technology, shifts in procurement strategies and supply chains, increased investments in research and development, and the depletion of ammunition stockpiles. Technological progress, particularly in autonomous systems, cybersecurity, and AI, is accelerating battlefield innovation. Conflicts are reshaping global procurement, with nations increasing production capacities and pursuing joint initiatives to enhance military readiness. Sanctions on key suppliers like Russia have disrupted supply chains and reduced global arms exports. Simultaneously, defence R&D is rising as countries prioritize modernization to maintain military competitiveness. These developments reflect the broader influence of current geopolitical conflicts on the defence industry.

Impact of recent wars on the defence sector	
Impact	**Description**
Technological advancements	• Ongoing warfare is driving rapid advancements in military technology, including extensive **deployment of UAVs and drones** for surveillance, an increased focus on **cyber warfare, and the integration of AI-powered systems** for autonomous decision-making. • Battlefield capabilities are being enhanced through advanced communication systems, precision-guided munitions, and cutting-edge technologies.
Shift in procurement strategies	• Conflicts can significantly **impact global procurement strategies**, as demonstrated by the Russia-Ukraine war, which has disrupted decades of European defence policies leading to a significant increase in the production of military hardware including missiles & ammunition • This shift has prompted **a reassessment of production capacities and an increased push for joint procurement initiatives** among EU member states to replenish depleted stocks and improve military readiness.
Effects on supply chain	• **Sanctions on Russia have disrupted key supply chains**, by halting the flow of crucial materials such as titanium and nickel, essential for military equipment. This disruption is significant due to Russia's prominent role as a major producer of these metals. • Russian arms exports have also declined, with the **number of importing countries decreasing from 31 in CY19 to only 12 in CY23**. This reduction has significantly impacted multiple nations that were heavily reliant on Russia for their arms procurement.
Demolition of modern warfare myths	• Contrary to the belief that modern wars would be brief and quickly resolved due to UN interventions, the prolonged Russia-Ukraine conflict has disproved this notion, **highlighting that conflicts can endure for extended periods.** • While it was anticipated that wars would be dominated by advanced technologies such as cyber warfare and satellite communication, the recent conflicts have underscored that traditional **ground forces remain crucial in determining the outcome of wars.**
R&D investments	• In response to increased wars, countries are **prioritizing to modernize their armed forces** by developing integrated and autonomous systems, precision-guided missiles, cyber capabilities, digital technologies, and hypersonic weapons. • Global armed forces are emphasizing innovation, which is driving **substantial investment in defence R&D**, particularly as emerging powers like China, India, and Brazil seek to compete with established military powers.
Depletion of ammunition stockpiles	• Continuous engagement in warfare is rapidly **depleting existing stockpiles** of military equipment & ammunition, necessitating frequent resupply and replenishment efforts. • Russia-Ukraine war has driven **NATO allies to ramp up ammunition production** from 100k rounds annually to ~2M, with expectations of 3M by CY25, to meet the requirements of ongoing and future military engagements.

Impact of Inland and Civilian Conflicts on Defence Sector

Ongoing inland and civilian conflicts have significantly impacted the defence sector, driving an increased focus on protecting civilian populations and compliance with international humanitarian law. From political unrest and violence in Bangladesh and the Democratic Repulic of Congo ("**DRC**") to prolonged instability in Haiti and the Northern Triangle, there are numerous examples that highlight the complex interplay of governance challenges and security concerns affecting millions of people globally. This civil unrest has resulted in loss of many life and high displacement of people; thus, defence strategies are shifting towards humanitarian assistance, peacekeeping operations, and rapid response to crises.

Examples of inland & civilian conflicts	
Bangladesh	• Recent **unrest caused by policy changes** led to government's collapse & widespread violence. • While a new government has brought some stability, tensions remain high. The country also faces the **ongoing challenge of accommodating 1M Rohingya refugees** from Myanmar.
Democratic Republic of Congo	• After violent & flawed December 2023 elections, **clashes between government forces & insurgent groups** escalated in the eastern region, worsening the humanitarian crisis. • Over 7M people were displaced by March 2024, as **political instability & violence persisted** across the country.
Haiti	• Haiti's political & **social instability intensified** following the CY21 assassination of its president. • By CY23, gangs controlled over 80% of capital, prompting **UN to authorize a Kenya-led multinational force**, which began operations in June 2024, **to assist local police in combating violence.**
Northern Triangle of America	• Since CY19, over 2M people have fled El Salvador, Guatemala, & Honduras due to violence, poverty, & instability. • In response, El Salvador & Honduras **implemented states of exception & mass incarceration**, reducing homicide rates but raising concerns over human rights abuses and democratic erosion.

The surge in inland and civilian conflicts has driven a significant increase in demand for protective gear like riot shields, protective helmets, jackets, and others, pushing the industry towards rapid innovation and scale production to protect both military personnel and civilians. In response, defence strategies are shifting towards prioritizing civilian protection, with a greater focus on humanitarian assistance, peacekeeping, and the deployment of technologies that minimize civilian casualties.

Impact of Terrorism on Defence Sector

The rise of global terrorism, particularly in regions like the Sahel, Somalia, Afghanistan and India, has escalated the demand for advanced protective gear like bomb blankets, bomb suits, CBRN suits and masks, and ammunition as nations strive to protect both military personnel and civilians. Terrorist groups exploit weakened governments and humanitarian crises to expand their influence, posing significant security risks not only to local populations but also to global powers.

Violent extremism in the Sahel: The growing power of violent extremist organizations in the Sahel is worsening the humanitarian crisis and spreading instability across Africa, posing significant security and financial risks to the United States and Europe. The collapse of international counterterrorism support and weakening regional leadership has created a vacuum for these groups to expand. Organizations like Jama'at Nusrat al-Islam wal Muslimeen, Islamic State in the Greater Sahara, and Islamic State in the West African Province are exploiting this vacuum to launch attacks on government forces and civilians. The potential for increased cooperation between terrorist groups and criminal organizations could further amplify the threats in the region and beyond.

Conflict with Al-Shabaab in Somalia: Al-Shabaab in Somalia remains one of al-Qaeda's most formidable affiliates, the terrorist organization continues to take advantage of Somalia's weak government and severe humanitarian crises to carry out indiscriminate attacks on government forces, foreign peacekeepers, and civilians. The group's objectives include dismantling the Federal Government of Somalia, expelling foreign forces, and creating a "Greater Somalia" by uniting all ethnic Somalis under strict Islamic rule. Despite ongoing efforts by the United Nations, the African Union Transitional Mission in Somalia, the U.S., and East African nations to combat the group since the early 2000s, al-Shabaab continues to demonstrate resilience, threatening the stability of Somalia and the region.

Instability in Afghanistan: Following the U.S. troop withdrawal from Afghanistan in August 2021, the Taliban swiftly regained control of the country and the government in Kabul. Despite initial pledges to respect human rights, the group reinstated its strict interpretation of sharia law, including public executions, amputations, and floggings. Under Taliban rule, the progress made over the past two decades in liberal and democratic rights has been reversed, particularly for women. Afghanistan is also grappling with one of the world's most severe humanitarian crises, compounded by economic shocks and the worsening impacts of climate change..

Terrorism in India: Terrorism has had a profound impact on Jammu and Kashmir, in the northeast and parts of central and southern India. In 2022, J&K witnessed approximately 220 terrorist incidents, compared to approximately 150 attacks in 2021. A notable attack in Manipur during 2021 involved an ambush orchestrated by the People's Liberation Army of Manipur and the Naga People's Front. Terrorist groups have predominantly targeted civilians and government officials using improvised explosive devices. The Indian government has been proactive in detecting, disrupting, and neutralizing terrorist activities. U.S.-India counterterrorism cooperation has included joint special forces exercises, a Quad counterterrorism tabletop exercise, and the U.S.-India Counterterrorism Joint Working Group to tackle growing terrorism in the region.

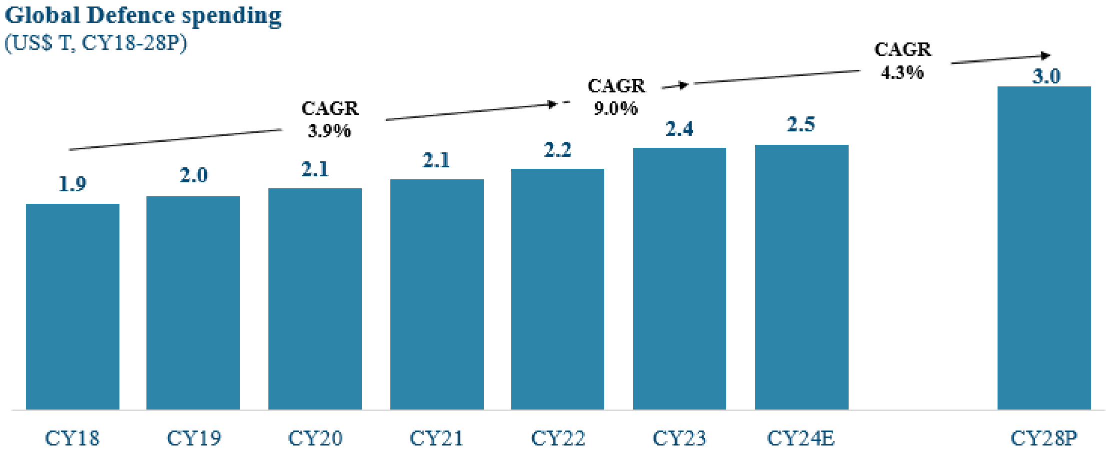
In response to these persistent threats, countries are prioritizing defence upgrades, with a particular focus on personal protective equipment for military and law enforcement personnel. This includes innovations in body armor, helmets, and tactical gear designed for diverse combat scenarios. Additionally, the ammunition market has experienced increased demand for specialized munitions tailored to counter the asymmetric warfare tactics commonly employed by extremist groups. As terrorism evolves, the need for advanced, lightweight, and adaptable protective solutions continues to grow, further driving industry innovation. At the same time, this escalating violence exacerbates humanitarian emergencies, leading to widespread displacement, poverty, and insecurity, underscoring the urgency for enhanced defence measures globally.

DEFENCE INDUSTRY OVERVIEW

Global Defence Spending Overview

Global defence spending

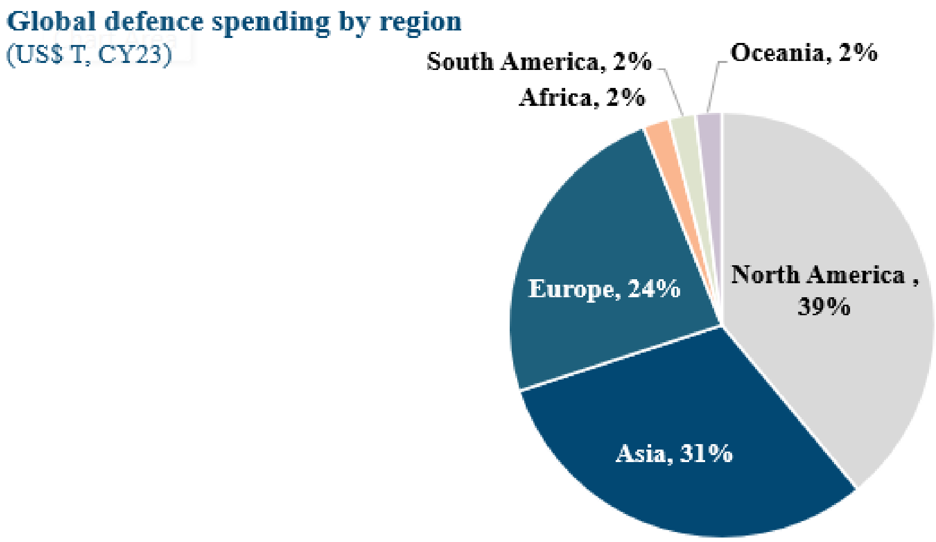
In 2023, global defence spending accounted for U.S.$2.4 trillion, contributing 2.3% of the global GDP. The global defence spend is expected to grow at 4.3% CAGR to U.S.$3.0 trillion by 2028.



Note(s): P-Projected, E-Estimated
Source(s): 1Lattice analysis

The top spenders have continued to enhance their military capabilities, while conflicts in some regions have driven up military spending. Conflicts and geopolitical tensions continue to drive military spending, as nations adapt their defence strategies to address both current and anticipated threats. Long-term defence strategies are increasingly aligned with broader national security goals, emphasizing the need for self-sufficiency and advanced capabilities.

The USA had the highest military spending in 2023 with a budget of U.S.$916.0 billion, which was an increase of 2.3% from the previous year. Since 1949, the USA has been consistently the top military spending nation, accounting for approximately 30% of the world's military spending for the last two decades. In Europe, military expenditure totalled U.S.$588.0 billion in 2023, which was an increase of approximately 16% from 2022. This notable increase was largely driven by boosts in Russian and Ukrainian military expenditure, as well as additional increases by other European nations in 2023. USA, China, Russia, India, and Saudi Arabia are the top five countries in defence spending, collectively accounting for approximately 60% of the global defence expenditure in 2023. India ranks as the fourth-largest global spender on defence, accounting for approximately 4% of total military expenditures worldwide. Latin America's defence spending constituted approximately 2.0% of the worldwide total, facing constraints due to enlarged national debt obligations, persistent challenges, and political transitions.



Source(s): 1Lattice analysis

Key trends

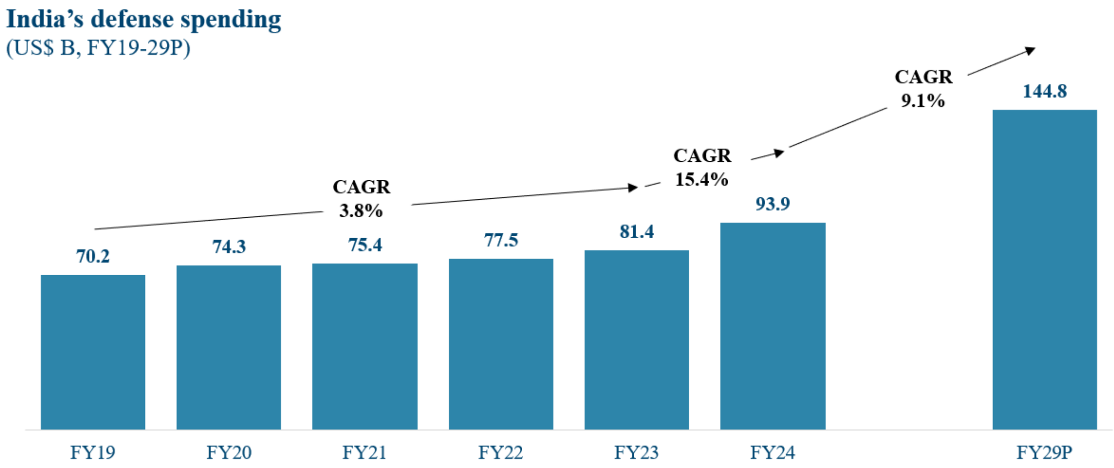
Advances in ammunition and ballistic protection material to protect against ammunition, electronic warfare, COTS solutions, and drone usage are key trends shaping the defence industry worldwide.

Ammunition rationalisation	• Due to recent wars, several countries have restructured their artillery regiments, prioritizing expansion of 155mm artillery. – U.S. Army aims to boost 155mm production to **100K rounds monthly by CY25** – Europe plans to reach an **annual output of 1M rounds by the end of CY24** • Simultaneously, the heavy-caliber ammunition market is experiencing rapid growth, projected to expand at a CAGR of 52% between CY23-32, reflecting increased global demand for advanced artillery systems.
Advancement of ballistic protection material	• Advanced ammunition, such as armour-piercing rounds and tungsten carbide cores, requires **adaptable armour designs made from advanced lightweight materials** to counter evolving threats while maintaining the same or minimal additional weight. • Materials such as **boron carbide, silicon carbide, and composites** are increasingly being used to **enhance ballistic resistance to withstand multiple impacts**, improving structural integrity and toughness to meet stricter testing and safety standards.
Drone usage	• Drones have three main applications in defence, intelligence, surveillance, target acquisition, and reconnaissance (ISTAR), logistical support, and combat • Drones with longer flight times, **extended range, high-quality cameras**, and advanced intelligent systems provide improved **surveillance capabilities**, and greater operational convenience and reduce both costs and need for human involvement, **minimizing human capital loss**.
Advances in electronic warfare	• EW is shaped by emerging trends, driven by the need to maintain a technological edge. This pursuit of **advanced technology** is crucial for gaining a competitive advantage in modern conflicts. • Their impact on global defence expenditures includes, advanced jamming techniques, directed energy weapons (DEWs), integration of cyber electromagnetic activities.
Commercial off the shelf solutions	• Use of COTS software and hardware **speeds up** the **integration of technology** and provides cost-efficient solutions. • Defence entities stay up-to-date with quickly evolving threats & technological progress with the adaptability & expandability • A strategic approach to achieving **cost-efficiency, agility**, and technological currency in an era of dynamic and evolving security challenges is reflected by the adoption of COTS as a new norm in defence expenditures.

INDIA'S DEFENCE SPENDING OVERVIEW

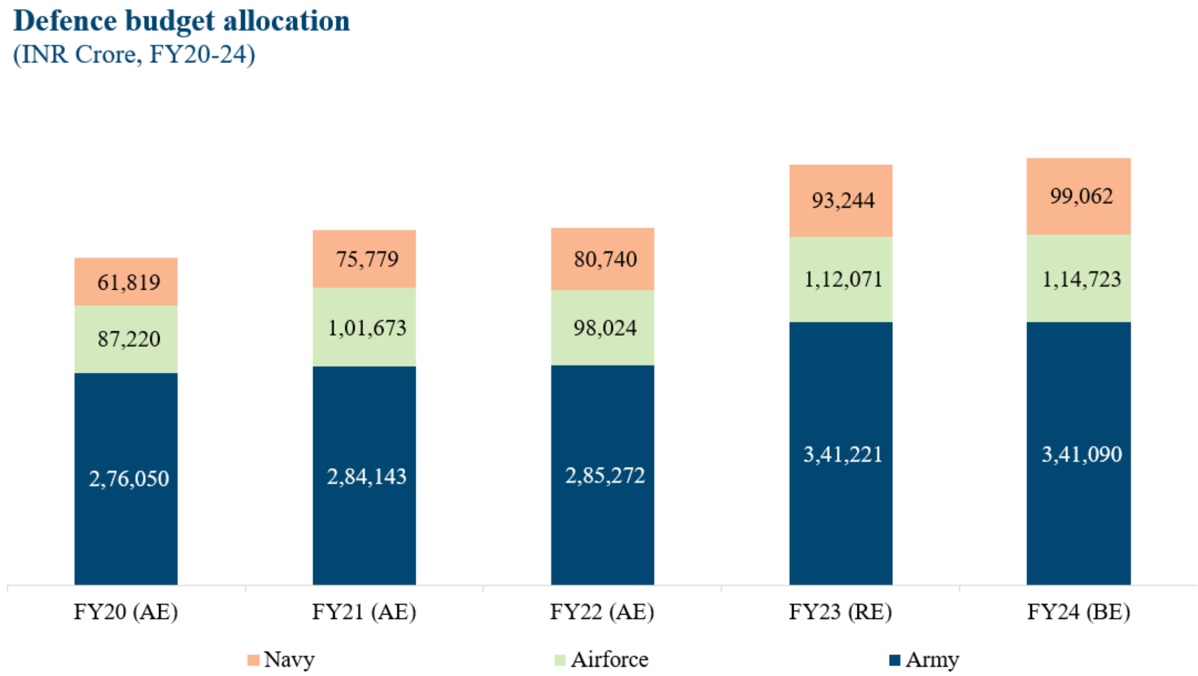
India's Defence Spending

India's defence spending was approximately U.S.$94 billion in Fiscal 2024, growing at a 3.8% CAGR from Fiscal 2019 to Fiscal 2023. It is estimated to reach approximately U.S.$145 billion in Fiscal 2029, growing at a CAGR of 9.1% over Fiscal 2024 to Fiscal 2029.



Note(s): P-Projected
Source(s): SPRIF, 1Lattice analysis

India's defence expenditure has seen a significant increase since Fiscal 2019. For Fiscal 2025, the MoD has been allocated a total budget of approximately U.S.$75 billion, the highest among the ministries. The Indian Army accounts for more than half of the total defence budget. Defence budgets often exceed initial estimates due to unexpected operational demands, technological advancements, and escalating costs of procurement and maintenance. Additionally, geopolitical tensions and evolving security threats often necessitate increased spending beyond the planned allocations. Border tensions with China and Pakistan have been a significant driver of India's defence budget allocations, with a focus on capital outlays for equipment upgrades and military infrastructure.

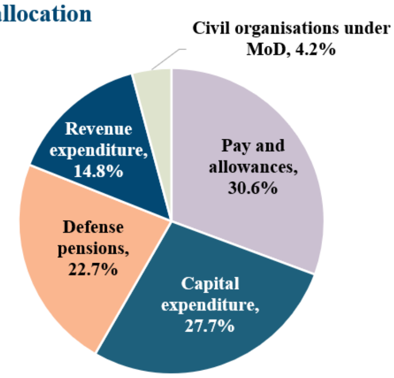


Note(s): AE – Actual estimate, RE – Revised estimate, BE – Budget estimate
Source(s): MoD, PRS India, 1Lattice analysis

Share of Capital versus Revenue Expenditure

As per the Regular Union Budget for Fiscal 2025E, the MoD has allocated 27.7% of the budget towards capital expenditure. This is aimed to equip the armed forces with state-of-the-art, niche technology arms, ammunition, fighter aircraft, ships, platforms (specific vehicles or facilities that use equipment), unmanned aerial vehicles, drones, specialist vehicles, personal protection equipment, etc. The sizeable allocation under capital is centred around promoting 'Aatmanirbharta' in the defence industry. Allocation to the armed forces for revenue expenditure (other than salary) meant for sustenance and operational commitment stands at 14.8%. This aims to provide a support system to all platforms including aircraft and ships, and best maintenance facilities. The allocation also aims to facilitate personnel movement, ammunition procurement, resource mobility, and day-to-day expenditure of armed forces. The defence pension budget stands at 22.7%, to be incurred on monthly pension to approximately 32 lakh pensioners through SPARSH and other pension disbursing authorities. The MoD has allocated 30.6% of the budget towards pay and allowances and 4.2% for civil organizations under MoD.

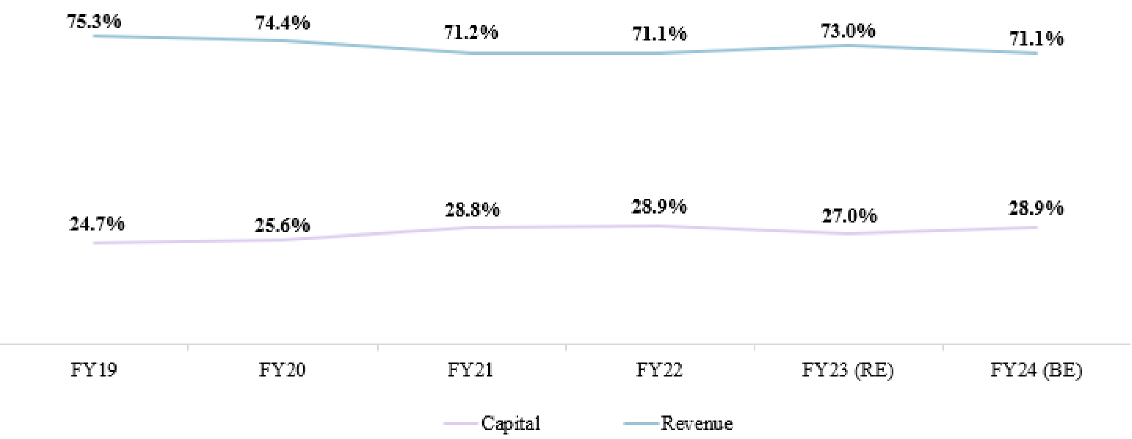
MoD budget allocation
(%, FY25E)



Source(s): PIB, 1Lattice analysis

Considering the MoD budget allocations over Fiscal 2019 to Fiscal 2024, the share of revenue and capital expenditures have shown slight fluctuations. Revenue expenditure as per the MoD budget allocations was over approximately 74% during Fiscal 2020 and exceeded approximately 75% in Fiscal 2019. As per Fiscal 2024 (BE), capital expenditure allocation stood at approximately 29% and revenue share amounted to approximately 71%.

MoD total budget: Revenue and capital share
(%, FY19-24)



Note(s): Revenue includes MoD (civil revenue), Defence services (revenue) and defence pensions. Capital includes MoD (civil capital) and capital outlay on defence services
Source(s): Institute for Defence Studies and Analyses, 1Lattice analysis

Growth Drivers of India's Defence Spending

Given the ongoing geopolitical tensions along its borders, India must strengthen its indigenous defence manufacturing capabilities and reduce reliance on foreign imports, particularly in the event of prolonged conflicts. The government has implemented significant reforms in the defence sector, with a strong commitment to minimizing foreign dependence and building a robust domestic defence manufacturing base. As a result, defence spending has increased, driven by multiple factors. Key drivers include extensive modernization programs aimed at updating military capabilities, and the Make in India initiative, which promotes domestic manufacturing and self-reliance. Additionally, the emphasis on policies to promote defence production, and other strategic initiatives is contributing to this upward trend. These factors collectively enhance investment in the defence sector, foster new projects, prioritize domestic production, and expand export opportunities.

Indian Defence Modernization Programme

The modernization of the Armed Forces focuses on acquiring advanced platforms, technologies, and weapon systems to enhance defence capabilities. This effort aims to provide top-tier facilities and support for all platforms and ensures efficient procurement of ammunition and mobility of resources and personnel as required by security needs. The Indian government, in collaboration with the Armed Forces, is actively engaged in various modernization projects.

In Fiscal 2024, Ministry of Defence was allocated a total budget of ₹ 5.9 lakh crore. Capital outlay pertaining to modernisation and infrastructure development was increased to ₹ 1.6 lakh crore.

Indian Coastal Guards upgraded six Dornier aircraft have with state-of-the-art systems/sensors for the modernization of ICG aircraft as part of the 17 ICG Dornier Mid-Life Upgrade contract.

In Fiscal 2023, Ministry of Defence proposed for creation of Non-Lapsable Fund for Defence Modernisation ("**DMF**") is aimed to use for modernization of Defence Forces and would supplement the regular yearly budgetary allocations by eliminating any uncertainty in provisioning of adequate funds for various defence capability development and infrastructure projects.

Financial Budget for Capital Expenditure

The MoD remains the top recipient of budgetary allocation among all ministries. In recent years, the MoD has witnessed a significant increase in its overall budget, especially in capital outlay to support critical defence initiatives and modernization efforts.
The defence budget allocation for Fiscal 2025 has increased by approximately ₹1 lakh crore, representing an 18.4% rise compared to Fiscal 2023, and a 4.8% increase over Fiscal 2024's allocation. A significant portion, 27.7%, is allocated to capital expenditure.

The capital outlay has increased to ₹ 1,72,000 crore in Fiscal 2025 122, reflecting a CAGR of 9%.

A significant portion of India's increased capital budget has been allocated to modernization and equipment acquisition, focusing on new technology and equipment. This investment aims to enhance India's military capabilities across air, sea, and cyberspace domains. Infrastructure development along tense borders has also been strengthened, with a 30% year-on-year increase. The allocation of ₹ 65 billion to the Border Roads Organisation is set to further accelerate improvements in border infrastructure

Government's 'Aatmanirbhar Bharat' Initiative to Prioritize Domestic Production Across Sectors

The "Make in India" initiative aims to reduce dependence on foreign suppliers while fostering domestic innovation. By scaling MSMEs and supporting major industry players, it strives to boost India's global competitiveness and strengthen the defence manufacturing sector. The government has introduced a range of policy measures and reforms to support these efforts, such as:

- To decrease reliance on imports, the Ministry of Defence announced the ' Positive Indigenisation List'. In the past three years, more than 12,300 items have been indigenized, enabling DPSUs to place orders worth ₹ 7,572 crore with domestic suppliers.

The MoD has allocated 75% of the modernization budget for procurement from domestic industries in Fiscal 2025. This strategy is expected to boost GDP, generate employment, and enhance capital formation, thereby stimulating economic growth. The Army is focusing on developing "future-ready mechanized" capabilities and integrating advanced weaponry. This effort includes "Make in India" projects like:

- Led by DRDO's VRDE laboratory, aims to produce vehicles to fulfil the Indian Army's requirement for over 1,750 Futuristic Infantry Combat Vehicles.

During Fiscal 2021 to Fiscal 2023, the MoD has signed 122 contracts for defence equipment capital procurement. Notably, 100 of these contracts, representing 87% of the total value, were awarded to Indian vendors.

The Defence Acquisition Procedure announced in October 2020 aims to boost indigenous production and position India as a global manufacturing hub for weapons and military platforms.

Aligned with the 'Atmanirbhar Bharat' initiative, it supports the Indian defence industry through 'Make in India' projects and a simplified acquisition process and have a monitoring mechanism for selection of best equipment in a transparent and competitive manner. This policy provides a significant boost to indigenous manufacturing companies and mandates a minimum of 50% indigenous content on cost basis of the base contract price i.e. total contract price less taxes and duties.

Government Initiatives to Promote Defence Production

Defence Production and Export Promotion Policy ("**DPEPP**") 2020: The Ministry of Defence has drafted the DPEPP 2020 as a key guiding document aimed at significantly enhancing the country's defence production capabilities to achieve self-reliance. The policy provides a focused and structured approach to bolster domestic defence manufacturing.

Defence Acquisition Procedure ("DAP") 2020: The DAP 2020 is designed to bolster India's domestic defence industry under the 'Make in India' initiative. It establishes a prioritized procurement framework that favours indigenous production and introduces measures to promote foreign direct investment. In 2020, the Indian government implemented significant FDI reforms, increasing the automatic route limit from 49% to 74%, with provisions allowing up to 100% FDI under government approval. These reforms aim to strengthen domestic manufacturing capabilities, drive technological innovation, and attract global investment, ultimately positioning India as a key manufacturing hub for both import substitution and exports while safeguarding the interests of local manufacturers.

Strategic Partnership Model ("SPM"): The Defence Acquisition Council ("**DAC**") has approved the broad framework of the Strategic Partnership Model, which aims to engage the Indian private sector in the production of advanced defence equipment. This model fosters long-term partnerships between qualified Indian companies and global Original Equipment Manufacturers through a transparent, competitive process. It enables Indian companies to collaborate with OEMs on large-scale military contracts, facilitating technology transfers and building domestic manufacturing infrastructure and supply chains.

Defence Industrial Corridors: The government has also established two dedicated Defence Industrial Corridors in Tamil Nadu and Uttar Pradesh. These corridors are designed to serve as defence manufacturing clusters, leveraging the region's existing infrastructure and human resources to enhance the defence sector's capabilities.

Defence Offset policy: The Indian Defence Offset policy, aligned with the Make in India initiative, aims to boost indigenous defence manufacturing and technology transfer. It mandates foreign defence contractors to invest a portion of the contract value into India's defence sector, enhancing local manufacturing capabilities, stimulating the economy, and fostering self-reliance. By partnering with Indian defence contractors or transferring technology, foreign companies contribute to the country's defence preparedness and promote technological advancement. The policy applies to contracts exceeding ₹ 300 crore, with a current offset obligation of 30% of the total contract value.

Efforts to Reduce Reliance on Imports and Promote Exports

In recent developments, India's defence sector has made significant strides towards self-reliance and reduced import dependency. Over the past decade, India's defence capabilities and export performance have markedly improved, with a substantial increase in both defence exports and industrial licenses. The Central Government is also targeting a significant rise in defence exports, supported by enhanced foreign investment regulations.

Over the past decade, Indian defence capabilities have significantly improved. Despite increasing arms requirements, the proportion of imports to overall defence needs is decreasing, due to the introduction of PIL and domestic production initiatives.

Defence exports reached ₹ 21,083 crore in Fiscal 2024, a 31% increase from the previous year. By April 2023, 606 industrial licenses had been issued to 369 defence sector companies.

Defence exports reaches ₹ 16,000 crore in Fiscal 2023, marking a 10-time increase since Fiscal 2017. India now exports to over 85 countries, thanks to collaborative efforts.

The Central Government aims to boost defence exports to ₹ 35,000 crore by Fiscal 2025. To encourage exports and liberalize foreign investments, the FDI limit in the defence sector has been increased to 74% through the automatic route and 100% via the government route.

Strategic Military Developments

India's ongoing tensions with China, combined with the internal restructuring of its military commands, are poised to substantially impact defence spending in the coming years.

China factor: India is poised to deploy additional troops and reassign forces to its border with China, as tensions between the two nations persist. This shift follows the reallocation of thousands of soldiers from India's western frontier to bolster its defence along the disputed border with China. The move comes in response to the 2020 Galwan Valley skirmish, the first deadly clash in over four decades, which has since resulted in an enduring military standoff. Both India and China maintain more than 50,000 troops in the Eastern Ladakh region, supported by artillery and air power. Given the broader front with China compared to Pakistan, this deployment necessitates significantly larger resources and is expected to drive increased defence spending.

Theatre Commands: The formation of theatre commands in India represents a significant overhaul of the nation's military structure, shifting from single-service commands to integrated, geographically defined units. This transformation, which includes the Northern, Western, and Maritime Theatre Commands, aims to enhance operational efficiency and inter-service coordination. While the integration will lead to better resource optimization by centralizing logistics and reducing duplication, the initial restructuring will demand substantial government investment. This includes costs related to infrastructure upgrades, personnel redeployment, and the cross-posting of officers between services. Consequently, the creation of theatre commands is poised to drive increased defence spending in the short to medium term.

Positive Indigenization List Barring Ammunition Imports
The PIL is a strategic initiative by the Indian government, aimed at boosting indigenous manufacturing and reducing dependency on imported defence equipment. Under this policy, the Indian armed forces must procure specified items exclusively from domestic manufacturers. The government has implemented numerous policies under the 'Make in India' initiative and the 'Atmanirbhar Bharat' vision, introducing reforms to promote the indigenous design, development, and manufacturing of defence equipment. These measures aim to reduce the country's reliance on defence imports.

The Indian government's push for self-reliance in the defence sector has gained significant momentum with the release of the fifth Positive Indigenisation List (consisting of several items that will now only be procured from industry stakeholders) by the Department of Defence Production ("**DDP**"), MoD, in July 2024.

The MoD has introduced the SRIJAN portal to drive indigenization within the defence sector. Over 30,000 previously imported items have been listed on the portal, inviting Indian manufacturers to participate in their production. It has also set an ambitious goal of achieving 70% self-reliance in weaponry by 2027, opening substantial opportunities for industry stakeholders.

Bullet-resistant jackets and helmets have been on the first indigenization lists and banned from import since December 2020. Similarly, the import of 155 mm ammunition has been prohibited since December 2022, and Bi-modular charge systems since December 2024. These restrictions have given a significant boost to defence manufacturing.

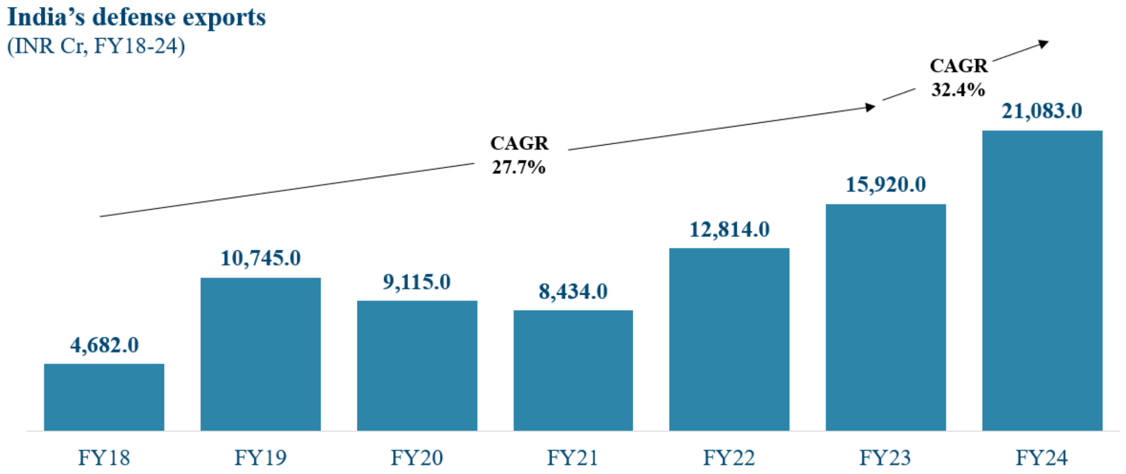
The Indian Army, used to spend huge amounts on imported ammunition. However, reliance on imports has significantly decreased, and plans are in place to further reduce this in the future.

The indigenization effort encompasses ammunition for various weapon systems, including tanks, artillery guns, air defence missiles, and grenade launchers. This strategy not only minimizes import dependency but also broadens India's export potential.

Both public and private indigenous firms are now fulfilling global ammunition demands. The ongoing development of high-precision guided artillery ammunition by these firms is expected to lead to further advancements. The entry of new firms into the ammunition sector is anticipated to improve the situation, ensuring the Indian Army is well-equipped with domestically produced ammunition.

As one of the world's largest arms importers, India has secured indigenous suppliers for different types of ammunition. The Indian Army's annual ammunition imports will now predominantly be sourced from Indian manufacturers.

India's Defence Exports



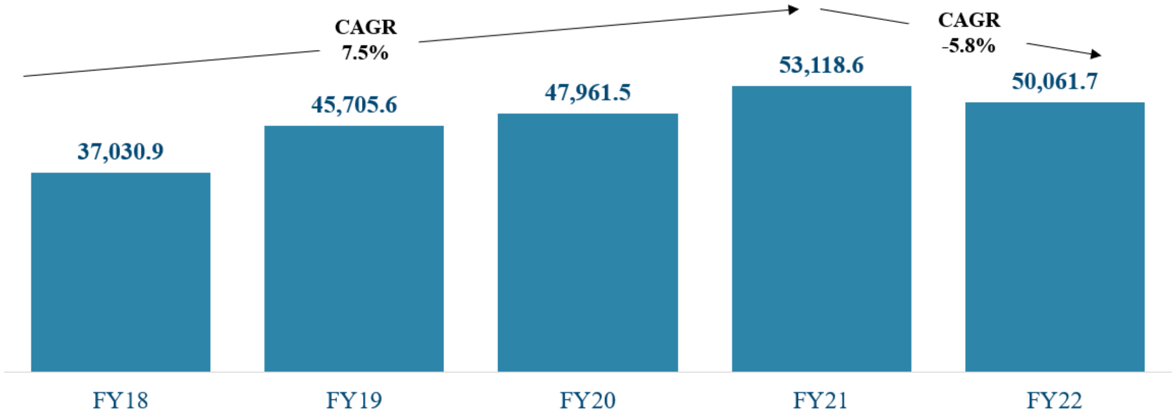
Source(s):PIB, Department of Defence Production, 1Lattice analysis

India's defence exports have grown with a CAGR of 27.7% from Fiscal 2018 to Fiscal 2023 and 32.4% from Fiscal 2023 to Fiscal 2024. As of Fiscal 2024, India has exported over approximately ₹ 21,083 crore worth of defence equipment, sub-systems, parts, and components. India exports a wide range of defence products which include weapon simulators, torpedo loading mechanisms, tear gas launchers, night vision binoculars, alarm monitoring and control, lightweight torpedo and fire control systems, armoured protection vehicles, weapons locating radar, and coastal surveillance radar to over 80 countries. India has set ambitious targets, aiming to achieve U.S.$5 billion in defence exports by 2025. India's growing defence exports signify advancements in global defence manufacturing, reduced import dependency, streamlined export procedures, and government efforts to bolster the industry, highlighting the increased capabilities and competitiveness of India's defence-based products.

India's Defence Imports

India's defence imports have grown with a CAGR of approximately 7.5% from Fiscal 2018 to Fiscal 2021 followed by a decline at a CAGR of approximately 5.8% from Fiscal 2021 to Fiscal 2022, and defence imports stood at approximately ₹ 50,061.7 crore in Fiscal 2022. From 2018 to 2023, India accounted for 9.8% of total global arms imports and was among the world's top arms importers for the period, with Russia as its main arms supplier. The imported items include a wide range of defence equipment such as aircraft, weapons, vehicles, and electronics. India's defence imports have seen a decline in recent years due to efforts to promote indigenization and reduce dependency on foreign suppliers. The Indian government has set ambitious goals to enhance domestic manufacturing and reduce imports, such as the Défense Production Policy, which aims to make India one of the top 5 global defence producers by 2025.

India's defense imports
(INR Cr, FY18-22)



Source(s):PIB, Department of Defense Production, 1Lattice analysis

Indigenization Trends and Impact on Imports and Exports

Under the Atmanirbhar Bharat initiative and DRDO, India's indigenization drive has spurred significant innovation, particularly in niche technologies like space and naval domains. Programs like iDEX and SPRINT are pivotal, engaging start-ups, MSMEs, and private players to develop cutting-edge defence solutions with government support.

India's defence exports have grown significantly, with a 28.5% CAGR from Fiscal 2018 to Fiscal 2024, reaching approximately ₹ 21,083 crore in Fiscal 2024, driven by private sector involvement. Major platforms like ALH, LCH, LUH, Arjun Tanks, AKASH, (SAM), 155 mm Guns –ATAGS, PINAKA MBRL and BrahMos missiles have gained international interest, expanding exports to over 85 countries.

The impact on imports is evident in the gradual decline in defence imports from Fiscal 2021 onwards. Balancing the demands of operational readiness with the growth of indigenous capabilities remains a key challenge, one that will determine the future trajectory of India's defence sector.

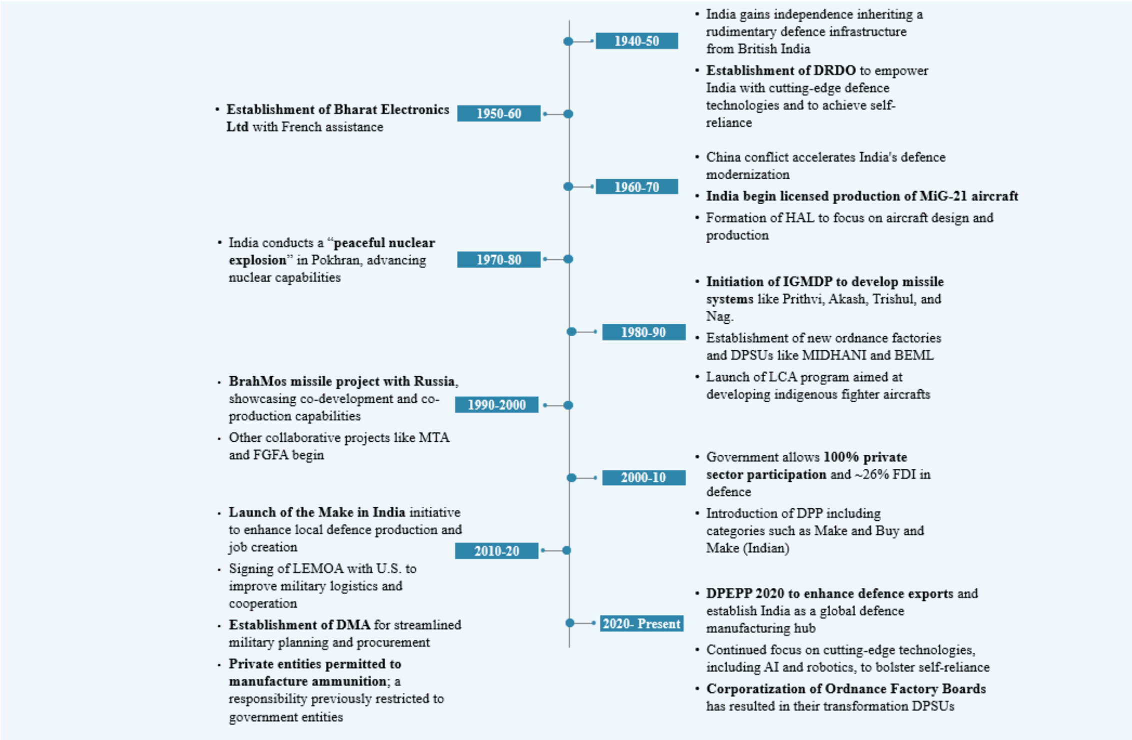
Division	Name of the platform / system		Classification (Imported, licensed manufacture in India, indigenous)
Armoured	Main Battle Tank (MBT)	Arjun MBT	Indigenous by DRDO
		T-72M (Ajeya Mk 1, Mk 2)	Imported from Russia and Licensed Production at Avadi
		T-55 MBT	Imported from Soviet Union
		Vijayanta MBT	Built in India based on licensed design by UK
		T 90S Bhisma	Imported from Russia, later in limited numbers assembled in India
	Infantry Fighting Vehicle	BMP 2-'Sharath'	Licensed Production (from Russia) at Ordnance Factory Medak
	Tank Destroyers	NAMICA	DRDO and OFB* (Stretched license-built BMP-2)
Artillery	Multiple Launch Rocket Systems	Pinaka	Indigenous by DRDO
		BM-21	Imported from Russia (being upgraded indigenously, will be replaced by Pinaka)
		Smerch 9K58 MBRL	Imported from Russia
	Self-Propelled Artillery	K-9 Vajra T	License production in India by Larsen and Toubro
	Towed Artillery	Dhanush (Howitzer)	Indigenous by OFB
		105 mm Indian field gun	Indigenously designed and developed in India.
		BAE Systems M777	Imported from US, later on assembled in India by Mahindra Defence Systems Limited
		Haubits FH77A/B (Bofors in India)	Imported from Sweden (All will be replaced by Dhanush Howitzers)
		M-46 Sharang	Imported from Soviet Union, Israel and later on developed by OFB
Missiles		NAG	Indigenously designed and developed
		Astra	Indigenously developed by DRDO, India
		Anti-Radiation Missile Rudram	Indigenously developed by DRDO, India
		ASRAM	UK (to be assembled in India)
		Python	Imported from Israel
		KH 59	Imported from Russia
		R. 550 Magic	Imported from France
		AS-30	Imported from France
		Martel	Imported from France
		MICA	Imported from France
		R-73(to be replaced by Astra)	Imported from Russia

Source(s): Government websites, Industry reports, 1lattice analysis

Indigenously designed, developed, manufactured or assembled

Indian Defence Industry Evolution

India's defence industry has evolved significantly since independence, reflecting a journey from reliance on inherited British infrastructure to a robust, self-reliant sector. In the early years post-1947, the focus was on building foundational capabilities and establishing state-run enterprises. The subsequent decades saw a shift towards enhancing self-reliance through domestic production and strategic partnerships. The turn of the millennium marked a pivotal phase with increased private sector involvement, leading to the ambitious Make in India initiative. Today, India's defence sector continues to innovate, integrating advanced technologies to strengthen its global position.



Indian Defence Industry Policy and Regulation Updates

The Indian government has recently introduced several new regulations and policies to reform and strengthen the defence sector. These reforms, along with increased budgetary allocations and measures to promote indigenous design and development capabilities, are aimed at reducing India's dependence on imports, encouraging foreign investment, and making the defence sector more efficient and self-reliant.

iDEX (ADITI) scheme (2024): The iDEX ("**ADITI**") scheme fosters innovation in critical and strategic defence technologies. Operating within the iDEX framework under MoD's DDP program for Fiscal 2023 to Fiscal 2026 this scheme involves collaboration with start-ups and innovators to create advanced technological solutions for the Indian military. It also provides grants of up to ₹ 25 crore to support research, development, and innovation in defence technology.

Defence Testing Infrastructure Scheme (2020): The Defence Testing Infrastructure Scheme has been launched to enhance domestic defence and aerospace manufacturing by establishing Greenfield Defence Testing Infrastructure as a common test facility. The primary aim is to support indigenous defence production, with a special focus on the participation of MSMEs and start-ups, by bridging gaps in the country's defence testing infrastructure.

DAP (2020): DAP 2020 establishes rules for timely acquisition of major defence equipment in India, ensuring quality standards. The new amendments for the offset policy encourage investment and technology transfer for defence production, with increased incentives for transferring key technologies. All the upgrades needed for the defence services and the Indian Coast Guard need to be sourced within India. Importing defence equipment or buying from foreign sources is allowed only in exceptional cases and requires special approval from the DAC or the defence minister.

Green Channel Policy (2017): A Green Channel Policy for procurement of defence stores and spares has been launched for awarding Green Channel status to firms having predefined financial and quality credentials. Grant of Green Channel Certificate provides a waiver of pre-dispatch inspection and acceptance of stores under supplier's guarantee/warranty against the contracts concluded by various procurement agencies under MoD. Two DICs - UPDIC and TNDIC - have been set up aimed at attracting investment for defence industries, developing the domestic supply chain and strengthening defence manufacturing ecosystem in the country.

Key Trends in Indian Defence Industry

The Indian defence industry is undergoing a transformative phase, driven by a range of trends that are shaping its future trajectory. The Make-in-India and self-reliant India (Atmanirbhar Bharat) campaigns, strategic integration of commercial off-the-shelf technologies, and enhancements in the navy, air force and army collectively demonstrate India's commitment to enhancing its defence capabilities and achieving self-reliance in Indian defence industry. The Indian defence industry, particularly in the private sector, has seen significant growth and transformation over the years, driven by various government initiatives aimed at enhancing self-reliance and reducing dependency on imports. In Fiscal 2024, the total defence production in India touched ₹ 74,739 crore, of which private sector contributed approximately 22% amounting to ₹ 16,411 crore. This represents the largest share of private sector involvement since Fiscal 2017. Indian government plans to increase its total annual defence production to ₹ 3 lakh crore by Fiscal 2029.

Key trends in the Indian defence industry

Make-in-India and Self-Reliant India Campaign

- Promotes **self-reliance in defence** through **indigenous design, development, and manufacturing** (IDDM).
- Priority for **domestic procurement** under Defence Acquisition Procedure (DAP) 2020.
- Announcement of **18 major defence platforms for industry-led development.**

Commercial off the shelf (COTS) integration

- In the Indian defence industry, there is a growing reliance on COTS solutions for **cost-efficient integration and** rapid **technological upgrades**.
- Embracing commercially available technologies in **C4ISR systems, UAVs, cybersecurity**, and maintenance enhances capabilities, fosters interoperability, and ensures efficient defence operations with reduced development costs.

Army

- The Indian Army is **investing in AI** through projects like:
  - **Integrated Battlefield Management System** (IBMS), a network-centric command and control system integrating data from sensors, drones, satellites, etc. to provide commanders with real-time view of the battlefield.
  - **Netra**, an AI-powered facial recognition system used to identify and track enemy personnel and vehicles.
- The Indian Army is developing **Laser Directed Energy Weapons (LDEWs)** and **High-Power Microwave Weapons (HPMWs)** for a variety of applications, including anti-aircraft defence, anti-tank warfare, and anti-satellite warfare.

Navy

- Launch of the **Indian Naval Indigenisation Plan (INIP) 2015-30** by the Indian Navy enhances self-reliance in defence manufacturing.
  - In February 2024, the Indian Navy launched its first Sandhayak-class survey vessel, with 80% of its components locally manufactured. This vessel will enhance maritime navigation security and support various maritime operations
- The Indian Navy is deploying **advanced technologies**, including surveillance systems and drones, to enhance its maritime security measures.

Air force

- The Indian Air Force's **Integrated Air Command and Control System** and Rafale's advanced EW suite display the integration of cutting-edge EW systems.
- The IAF is investing in **precision-guided munitions** and **advanced targeting systems** to enhance strike capabilities with minimal collateral damage.
- The **Indian missile landscape** undergoes transformative trends, notably in **Long-Range Surface-to-Air Missile Program**, envisioning a US$ 2.5B three-tiered air-defence system by FY29.

Coast guard

- The **incorporation of AI** into the functions of the Indian Coast Guard signifies a fundamental change in maritime security, assisting in surveillance, **predictive analytics, search and rescue, vessel traffic management**, cybersecurity, and decision support systems.
  - In December 2023, The MoD signed an INR 1,614 Cr contract with Mazagon Dockyard Shipbuilders Ltd. for procurement of six AI-enhanced offshore patrol vessels for the Indian Coast Guard.

India Defence Modernization Programs and Increase in Budget for Modernization of Defence

India's defence modernization programs aim to build a well-balanced and technologically advanced military force that can effectively safeguard national interests while also playing a significant role in regional and global security. Most of the modernization programs either involve complete indigenous development or have substantial plans for indigenous components, fostering domestic growth. Some of the modernization programs are as follows:

1

Ashwini (LLTR)

- Ground-based active phased array radar designed for surveillance.
- Features **advanced technologies like solid-state transmit / receive modules** and digital receivers.
- Mounted on vehicles and capable of detecting and tracking targets in hostile environments.
- Other key features include **flexible architecture, programmable signal processor** and digital beam former.

2

Naval Radar (HEAUV)

- Indigenous development of HEAUV for anti-submarine warfare boasts endurance of 15+ days.
- Focuses to **track submarines** utilizing various technologies such as thin line array, flank array, active sonar, or synthetic aperture sonar.
- HEAUV will feature **autonomous navigation**, collision avoidance and communication suite.

3

Naval Integrated Combat Suite

- Aims to boost India's **indigenous submarine design and construction capabilities** by incorporating advanced technology and weaponry.
- As part of 'Make in India,' MoD issued Request for Proposal (RFP) in CY21, involving construction of six AIP fitted **conventional submarines** for Indian Navy.
- Total estimated cost of project exceeds INR 40K Cr.

4

Airborne Early Warning and Control System

- Force multiplier used by IAF for **detecting and tracking enemy aircraft** and UAVs.
- Indigenous AEW&C system, **Netra**, was developed by DRDO and IAF, featuring executive jet platform with advanced **radar and intelligence systems.**
- Netra is fully net-centric, providing comprehensive command and control capabilities.

5

Arudhra

- India's first rotating active phase array **multifunction 4D radar**, developed by DRDO and manufactured by BEL.
- Operates in S-band with cutting-edge DBF technology.
- Some prominent features include **electronic steering** for azimuth and elevation, **target identification** through co-located Identification Friend or Foe (IFF) system.

6

Defence Acquisition Procedure (DAP)

- Outlines guidelines governing **procurement of capital defence** equipment in India.
- Ensures timely acquisition of military platforms that meet quality standards.
- CY20 amendment to DAP emphasizes **'Make in India' and 'Aatmanirbhar Bharat'** in defence.

7

iDEX scheme

- Promotes **innovation and technology development** in defence and aerospace.
- Engages with start-ups to develop indigenous technologies.
- Selected applicants receive funding, mentorship and access to testing facilities
- **Partnerships with leading incubators** support and guide start-ups and MSMEs.

8

Public Procurement Order

- DPIIT promotes Indian and global companies manufacturing in India, offering **purchase preference in government procurements.**
- Aims to boost income, employment and manufacturing ecosystem.
- SRIJAN portal, by the MoD focuses on indigenizing defence PSUs and armed forces' efforts. Features products with import values of INR 1M+, aligning with 'Make in India' objectives

9

Ten Years ICDP

- Derived from national security guidelines, ICDP aims to enhance **strategic capabilities** and develop advanced technology.
- Comprehensive process **outlining equipment needs** of Indian Armed Forces over a decade.
- Consists of two consecutive five-year plans, which align with digital and indigenous solutions, procurement, and exports.

10

Tejas

- LCA Tejas program aims to **equip Indian Air Force with indigenous fighter aircraft.**
- Collaborative efforts involving HAL, ADA, DRDO, CEMILAC, DGAQA, PSUs and IAF contribute to project's success.
- LCA Tejas Twin Seater, designed for training IAF pilots, incorporates **advanced technology.**

India's defence budget for Fiscal 2024 highlights a strong focus on modernization across its armed forces. The Indian Army, receiving the largest share at ₹ 1.7 lakh crore (U.S.$20 billion), is heavily investing in key projects. The Indian Navy, with a budget of ₹ 65,000 crore (US$7.9 billion), is enhancing its maritime capabilities, focusing on aircraft carriers, submarine fleets, and new frigates and destroyers. Meanwhile, the Indian Air Force received significant budgetary support ₹ 80,000 crore (U.S.$9.7 billion) to maintain air superiority and enhance its combat capabilities. It is using that budget to modernize its fleet with Rafale fighter jets, Tejas Light Combat Aircraft ("**LCA**"), S-400 air defence systems, and advanced transport and refuelling aircraft.

Across all services, modernization is closely aligned with the government's 'Make in India' initiative, emphasizing the development and production of advanced defence technologies domestically. This focus not only aims to enhance operational capabilities but also promotes self-reliance and strengthens India's defence manufacturing sector. Additionally, a significant portion of the budget is dedicated to defence research and development, led by the Defence Research and Development Organisation ("**DRDO**"), and to infrastructure development, ensuring that the armed forces are equipped to address emerging security challenges.

Favourable Factors Supporting Defence Production and Export Promotion

India's defence sector is experiencing significant growth and transformation, driven by a combination of favourable factors. Rising national security concerns have led to increased demand and a surge in defence exports, with India now exporting to over 85 countries. The government's proactive approach, including the Atmanirbhar Bharat Initiative and opening the defence industry to private sector participation, has created a competitive advantage. Substantial budget allocations for research and development, the establishment of Defence Industrial Corridors, and the emergence of defence tech startups are fostering innovation. These factors, coupled with supportive policies and initiatives to promote indigenization, are positioning India as a growing force in defence production and exports, creating a robust ecosystem for continued growth and self-reliance in the sector.

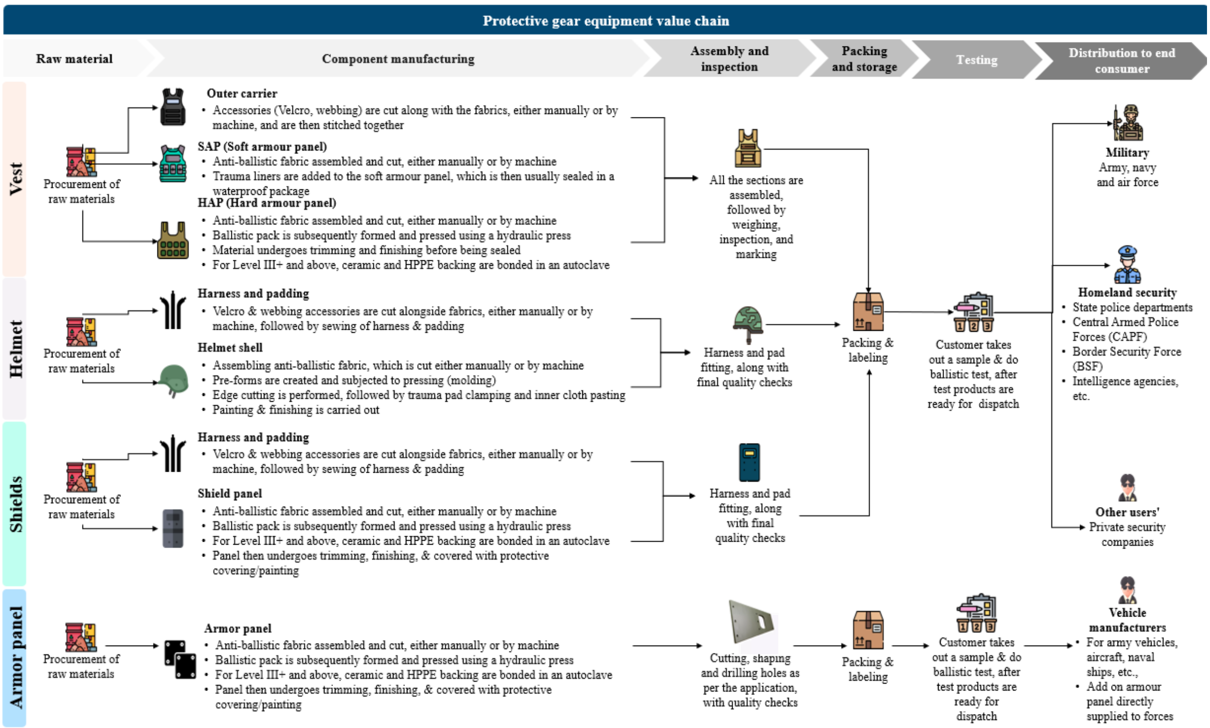
Growth demand	Competitive advantage	Government support	Opportunities
• Demand growth in the defence sector is likely to accelerate due to rising concerns about national security. • In FY24, a total of **606 industrial licenses** were issued to **369 companies** operating in the defence sector. • Defence exports increased by **240% from FY18-23**, with India now **exporting to 85 + countries** through collaborative efforts. • Defence exports **reached US$ 2.7B in FY23-24**, marking a **33% increase** from the previous year.	• The Government of India opened the defence industry to **private sector participation**, boosting indigenous manufacturing. • In the **Interim Budget FY25, US$ 2.9B** (INR 23,855 Cr) was allocated to DRDO. • A corpus of **US$ 12B** (INR 1L Cr) was **earmarked for deep tech**, providing long-term loans to tech-savvy companies to foster innovation in defence technologies within India.	• Under Atmanirbhar Bharat Initiative, **five positive indigenisation lists** have been issued by DMA and MoD • These lists, **comprising 509 products**, mandate domestic manufacturing for the defence sector, **reducing reliance on imports.** • DRDO has **granted 23 licensing agreements, enabling transfer of essential technologies**. – This initiative supports production of a diverse array of military equipment across several domains, including armaments, naval systems, & aeronautics	• Government has established **two Defence Industrial Corridors** in Uttar Pradesh and Tamil Nadu. • India is home to **~194 defence tech startups developing innovative technology** solutions to support and enhance the country's defence efforts.

Protective Gear Equipment Value Chain and Type of Material

The information here is for the protective gear market which includes protective equipment that can be used for ballistic protection or non-ballistic protection. It can be further classified in two categories 1) personal protective equipment and 2) platform protective equipment. The personal protective equipment includes ballistic protection products such as body armor, ballistic helmets, ballistic shields and non-ballistic protection products such as shoes, gloves. The platform protective equipment includes both ballistic protection such as armor panels and non-ballistic protection products such as for land, air and sea platforms.

Value chain and manufacturing overview of protective gear equipment

The production of protective gear involves a comprehensive value chain for both personal and platform equipment. The value chain undergoes stages such as raw material procurement, component manufacturing, assembly and inspection, packing, and distribution and testing, ensuring quality and safety for end users like military personnel and law enforcement. Personal protective gear includes vests, helmets, and shields, while platform protective gear consists of armor panels for vehicles, naval ships and aircraft made from boron carbide and Ultra High Molecular Weight Polyethylene ("**UHMWPE**") or other ceramic materials. While personal protective gear is designed for individual mobility and protection against small arms and explosives, platform protective gear focuses on safeguarding large assets like vehicles and aircraft from heavier ballistic threats.



Different Types of Material Used for Manufacturing Protective Gear

In the defence sector, protective gear is crucial for ensuring the safety of military personnel in combat and hazardous environments. The choice of materials for protective gear is influenced by various factors, including their mechanical properties, weight, and specific applications. Various advanced materials are utilized to create effective protective equipment, each offering unique advantages. The primary materials include aramid fibers, carbon composites, advanced materials like UHMWPE and ceramics (like alumina, silicon carbide and boron carbide).

Aspects	Ceramics			UHMWPE	Aramid fibres	Carbon-based composites
	Alumina	Silicon carbide	Boron carbide			
Specific gravity	• 3.85	• ~3.22	• ~2.52	• ~0.94-0.97	• ~1.44	-
Density (g/cm³)	• ~3.6-3.9 • Varies depending on type of ceramic, but is lighter than metal	• ~3.1	• ~2.5	• ~0.97 • Resulting in lightweight nature, suitable for protective gear	• ~1.4 • Resulting in lightweight nature, suitable for protective gear	• ~1.6-2.0 • Depending on the resin used
NIJ level	• IV • Made with backing material such as aramid, UHMWPE etc.	• IV	• IV	• III • Used as a backing material with ceramics	• III A -	• IV • Used as a backing material with ceramics
Knoop hardness value (kg/mm²)	• ~2,000	• ~2,480	• ~2,750	-	-	-
Hardness (Mohs)	• ~9 • Extremely hard, refractory solid	• ~9.5	• ~9-10	-	-	• ~2 • Stronger and stiffer than steel
Compressive strength (Gpa)	• ~2.0-2.8 • Maintains structural integrity in more extreme and variable conditions	• ~3.9	• ~3-5	• ~0.003-0.08 • Poor compression characteristics comparatively	• Poor compression characteristics comparatively	• ~1-3 • Maintains structural integrity and load-bearing capacity
Tensile strength (Gpa)	• ~0.2-0.03 • Low tensile strength and brittle	• ~0.2-0.4	• ~0.4	• ~0.9-1.5 • Medium resistance to stretching with superior durability	• ~2-5 • Good resistance to stretching with superior durability	• ~3-7 • Exceptional stretching resistance and high performance under stress
Thermal stability	• High melting point (~1,650 °C) • High melting point leading to effective thermal stability	• High melting point (~1,650 °C)	• Higher melting point (~2,450°C)	• Low melting point ~144–152°C • Loss of structural integrity beyond these temperatures	• Resist temperatures approximately up to 500°C • Effective thermal stability before degradation occurs	• Sustain ~400°C under oxidizing conditions • Capable of operating in high-temperature environments
Flexibility	• Generally rigid with minimal flexibility			• Highly flexible and can absorb impacts well	• Highly flexible and can absorb impacts well	• Rigid, but can be engineered for flexibility depending on the composites used
Corrosion resistance	• Exhibit excellent corrosion resistance, making it suitable for harsh environments			• Offers exceptional corrosion resistance, but degrades over time; not effective in hot regions	• Have high resistance to various chemicals, but can be affected by strong acids and bases	• Resistant to various corrosive environments when combined with appropriate resins like epoxy or vinyl ester
Applications	• Body armour • Ballistic helmets • Ballistic shields • Vehicle armour			• Body armour • Ballistic helmets • Vehicle armour	• Personal protective equipment (PPE) − Bulletproof vests − Helmets − Tactical gear	• Advanced protective gear in military applications − In aircraft and vehicles where high strength-to-weight ratios are critical
Cost	• Boron carbide is more expensive than silicon carbide and alumina.			• UHMWPE is more expensive than ceramic	• Less expensive than UHMWPE	-

Note(s): *Gigapascals

Advantages versus Disadvantages of Different Materials

When evaluating materials for protective gear and equipment in defence applications, it is essential to consider both their advantages and disadvantages. This ensures a balanced understanding of each material's potential and limitations in various operational scenarios. Below is a detailed analysis of the advantages and disadvantages of several key materials used in this context.

Material		Advantages	Disadvantages
Ceramic	**Almunia**	• Biocompatibility, along with robust mechanical strength • Easy procurement of material, and versatile processing methods	• Low flexural strength, and fracture toughness • Limited resistance to thermal shock
	Silicon carbide	• Hardness and excellent thermomechanical properties • High thermal conductivity and resistance to wear and oxidation	• Brittle nature, resulting in susceptibility to cracking under high stress • More expensive than some other materials
	Boron carbide	• Hardness, strength, and lightweight due to low density • Thermal stability and corrosion resistance	• Some variants of brittle nature, resulting in susceptibility to cracking under high stress • Complex manufacturing processes
Ultra-High Molecular Weight Polyethylene (UHMWPE)		• High strength-to-weight ratio, & wear resistance • Chemical resistance and biocompatibility suited for harsh environments	• Low melting point limits usage in high-temperature applications • Processing difficulty makes it unsuitable for complicated shapes and structures
Aramid fibres		• Impact resistance and energy absorption capabilities • Flexibility & comfort for wearer along with heat resistance for additional safety	• Susceptible to degradation from UV light and moisture • Poor compression strength in comparison to carbon fibres
Carbon-based composites		• High strength-to-weight ratio for structural applications • Stiffness, fatigue & corrosion resistance for use in harsh environments	• Higher manufacturing costs compared to aramid fibres • Brittleness under certain conditions
Nanostructured materials		• Enhanced nanoscale strength boosts material durability and resilience • Applications in lightweight armour and efficient sensors	• Production and processing of nanostructured materials can be expensive • Challenges exist in scaling up production for widespread use

Reasons for preferring Boron Carbide ("B4C")

Boron carbide, commonly referred to as black diamond, is one of the hardest materials, surpassed only by diamond and cubic boron nitride. Its unique combination of properties makes it ideal for various high-performance applications. As a strong covalent compound, boron carbide boasts low density, exceptional strength, high-temperature stability, and excellent chemical resistance, making it particularly well-suited for lightweight armor solutions. Here is an analysis of its advantages and application based on various properties:

Property	Description	Advantage
Hardness	• One of the hardest material after diamonds and boron nitride	• Boron carbide has a significantly higher hardness **(Mohs 9-10)** compared to carbon fibre **(Mohs 2)**
Low density	• Low density resulting in lightweight of material	• Resulting in **light** material offering portability
Flexural strength	• Material's ability to resist bending or deformation when a force is applied	• Boron carbide has a significantly higher flexural strength **(420 Mpa)**
High melting point	• High melting point resulting in exceptional thermal stability	• Has a higher melting point compared to other materials – Boron Carbide: ~2,450°C • Ability to **withstand heat** and maintain **structural integrity** • Resistant to wear and tear
Chemical resistance	• Resistant to corrosive chemicals	• Ability to **endure corrosive environments** without losing performance capabilities
Neutron absorption	• High neutron absorption cross section	• Ability to **absorb neutrons** without significant reactions or transformations

Boron Carbide manufacturing techniques

Boron carbide is widely utilized in high-end, armor applications due to its superior hardness, and lightweight properties. Despite its advantages, boron carbide faces challenges such as high manufacturing costs and limited shapeability. These issues have been addressed through various processes including hot-pressing sintering, pressure less sintering, and reaction bonding. Each of these methods offers distinct benefits and drawbacks, influencing their application in different armor scenarios.

Hot pressing sintering: Hot pressing sintering involves applying pressure and heat to boron carbide powder simultaneously within a mould. The process is conducted at or slightly below the normal sintering temperature, resulting in a dense, uniform, and fine-grained ceramic material. This method produces high-quality boron carbide (density of 2.5 g/cm^3), making it highly effective for stopping steel-core threats. However, its use is limited by several factors:

Cost and processing difficulty: Boron carbide raw materials are expensive and challenging to process.

Performance limitations: The material underperforms against AP bullets with tungsten carbide cores or hard steel core tips compared to other materials like silicon carbide ("**SiC**") or high-end alumina. B4C is renowned for its hardness, however, it struggles with higher-velocity projectiles. Upon impact, B4C's crystalline structure transforms into a glass-like state, leading to a disordered atomic arrangement. This transition weakens the material's integrity at the contact point.

Brittleness: Boron carbide is glass-like and exceptionally brittle upon impact, resulting in poor multi-hit performance. Hence, the skill lies in the mixture of some chemicals that negate the brittleness of Boron Carbide for its use in Bullet Proofing.

Despite these drawbacks, hot-pressed boron carbide remains the material of choice for ultra-high-end Level IV and military plates designed to stop high-calibre threats. The complexity and high cost of the hot-pressing sintering process, along with its production limitations to simpler shapes, restrict its broader use.

Pressure less sintering: Pressure less sintering of boron carbide occurs at very high temperatures, close to its melting point (around 2,300–2,400°C). The addition of sintering aids such as alumina, chromium, cobalt, nickel, and glass reduce the temperature required for densification. This method, utilized by the Defence Materials Technology Centre in combination with a VPP route, allows for unique shaping processes. Although boron carbide materials sintered without pressure behave in a glass-like manner under high-velocity impacts, this does not significantly impact their excellent ballistic performance. But pressure less sintering produces B4C with a density below 2.5 due to the presence of voids in the microstructure, as the material is composed of pure B4C. Pressure less sintering helps in producing boron carbide at a lower cost and allows for complex shapes, though it may not always match the performance of other methods against certain threats.

Reaction bonding: Reaction-bonded boron carbide is formed by infiltrating preforms made of boron carbide and carbon powders with molten silicon. The process yields a dense composite material, where boron carbide is complemented by the formation of silicon carbide within the microstructure, along with traces of residual metallic silicon. RBB4C exhibits comparable ballistic performance to hot-pressed boron carbide against ball threats, though it is generally on par with silicon carbide against steel-cored armor-piercing threats. However, its performance against tungsten carbide core threats is less effective. The reaction-bonded method enables the fabrication of dense boron carbide composites at significantly lower temperatures, offering two key benefits. First, it reduces processing costs. Second, it allows for the production of large and complex-shaped boron carbide ceramics.

The choice of a manufacturing method for boron carbide armor depends on the specific requirements of the application, including cost, performance, and shape ability. Hot pressing sintering remains one of the top choices for ultra-high-end applications despite its high cost and processing complexity. Pressure less sintering offers a cost-effective alternative with greater shaping flexibility, while reaction bonding provides a balance between cost and performance but faces limitations in specific threat scenarios. The industry continues to evaluate and adopt these methods based on evolving needs and technological advancements. Certain companies have developed unique manufacturing processes that combine elements of the above methods to achieve optimal results. These processes aim to reach a density similar to hot-pressing, hardness comparable to pressure less sintering, and the multi-hit capability characteristic of reaction bonding.

Form of ceramic

Ceramics, known for their exceptional hardness and lightweight properties, play a vital role in the production of modern protective gear, especially in body armor. These materials can be manufactured using various processes, including hot pressing sintering, pressure less sintering, and reaction bonding, each offering distinct advantages in terms of strength and flexibility. Ceramics are typically utilized in two main forms:

Ceramic tiles are small ceramic pieces arranged in a mosaic pattern to create the desired shape such as hexagons. The advantage of this design is that upon impact, only the affected tile and a few neighbouring tiles are compromised, limiting the spread of damage. This makes it more effective in multi-hit scenarios. However, the joints between the tiles can act as areas of potential weakness, and producing multi-curved shapes with this system is challenging, resulting in most tile solutions being single-curved.

Monolithic ceramic, on the other hand, consists of a single piece of ceramic that can be produced in both single-curved and multi-curved forms. The multi-curved version provides a better fit to the body. However, a major drawback of this system is that a projectile impact may cause cracks over a larger surface area, making it difficult to manage multiple hits without additional front surface treatment.

The versatility of ceramics, whether in the form of tiles or monolithic structures, makes them indispensable in the design of protective gear. While ceramic tiles offer better multi-hit resistance with localized damage control, monolithic ceramics ensure a superior body fit but may be more susceptible to cracking upon impact. The production processes, allow for the creation of ceramics tailored for body armor applications, providing a balance between protection, weight, and comfort. This adaptability ensures that ceramics remain at the forefront of advanced protective solutions for modern defence needs.

PROTECTIVE GEAR MARKET OVERVIEW

Globally protective gear is crucial for the safety and effectiveness of military and defence operations across various scenarios, including close combat, counterinsurgency, and high-risk missions. This gear includes a wide range of equipment:

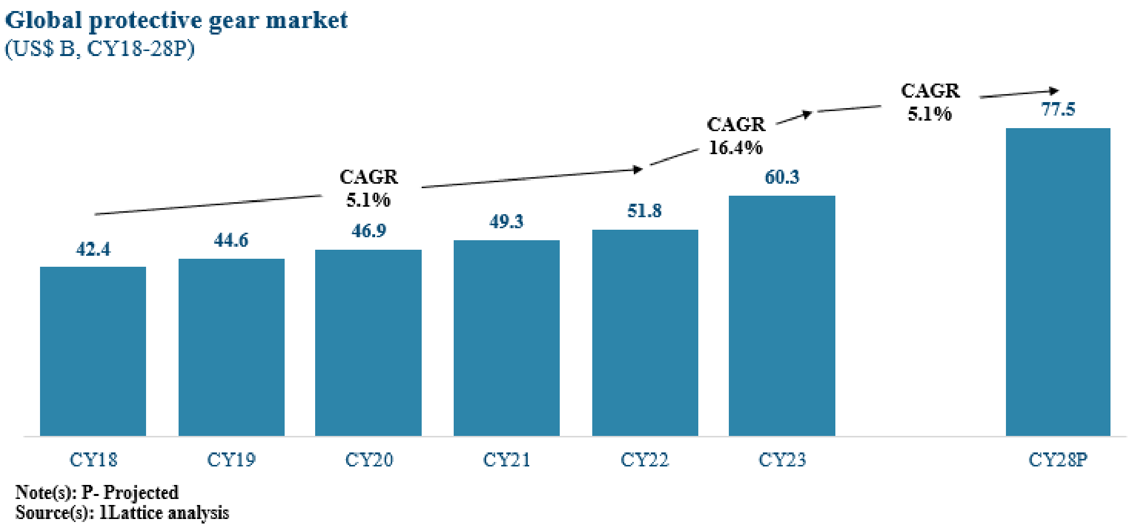
- Body armor protecting soldiers from small arms bullets, shrapnel, and IED explosions. This includes personal protective gear equipment like:

Ballistic equipment	Non-Ballistic equipment
Ballistic goggles	Bump helmets
Ballistic helmets	Chemical, Biological, Radiological and Nuclear (CBRN) gas masks
Ballistic shields	CBRN suits
Ballistic vests	Combat boots
Ballistic vests tactical	Cut-resistant gloves
Ballistic hard armour	Earplugs
Bomb blankets	Electronic earmuffs
Bomb suits	Fire resistant clothing
Demining suits	Hydration bladders
Ballistic ceramic plates	MOLLE packs
	Plate carriers
	Respirators
	Riot shields
	Steel-toe boots
	Tactical gloves
	Tactical pads
	Tactical sunglasses

- Defence platforms such as vehicles, aircraft, helicopters, and marine vessels
- Land-based armoured vehicles can be used to perform various roles, including infantry fighting, mine clearance, medical evacuation, command control.

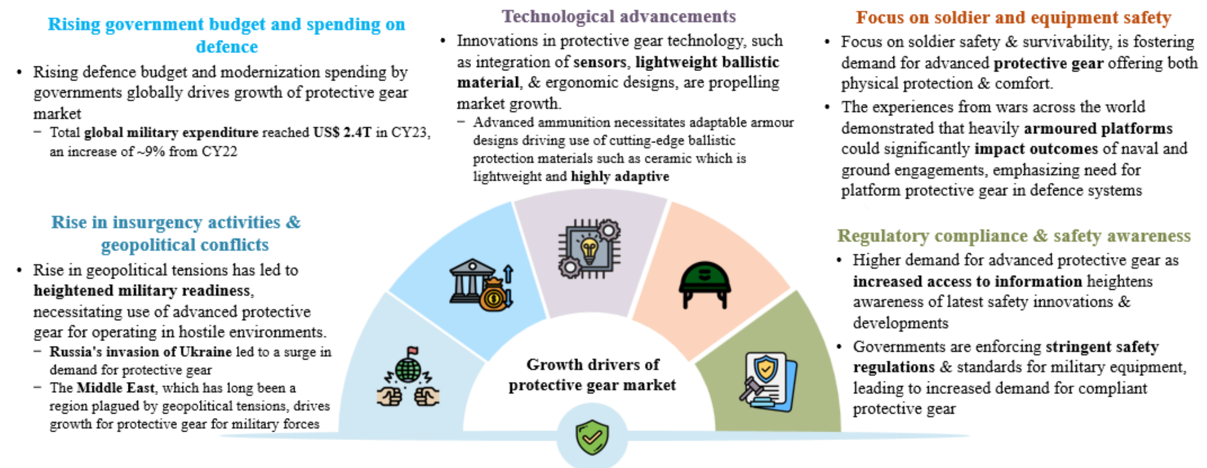
Type of platform`	Ballistic equipment	Non-Ballistic equipment
Vehicle protection	Lightweight composite ballistic protection Metal armour Reactive armour Transparent armour (bullet-resistant glass)	EMI/EMP protection with metals, rubbers and fabrics for EMC
Naval protection	Composite armour Hull reinforcement Anti-mine and anti-torpedo systems	EMI/EMP protection with metals, rubbers and fabrics for EMC
Helicopter protection	Lightweight composite ballistic protection	EMI/EMP protection with metals, rubbers and fabrics for EMC
Infrastructure protection	Blast walls Reinforced bunkers	Protective barriers

The global market for protective gear was valued at approximately U.S.$60 billion in 2023 and is projected to expand at a CAGR of 5.1%, reaching approximately U.S.$77 billion by 2028. This growth is driven by increased investments in defence modernization, heightened security concerns, and ongoing technological advancements.



Key Growth Drivers of the Global Protective Gear Market

The protective gear market is witnessing growth due to factors such as rising geopolitical tensions, technological advancements, increased focus on soldier and equipment safety, and rising government budget allocations and expenditures towards the defence industry.



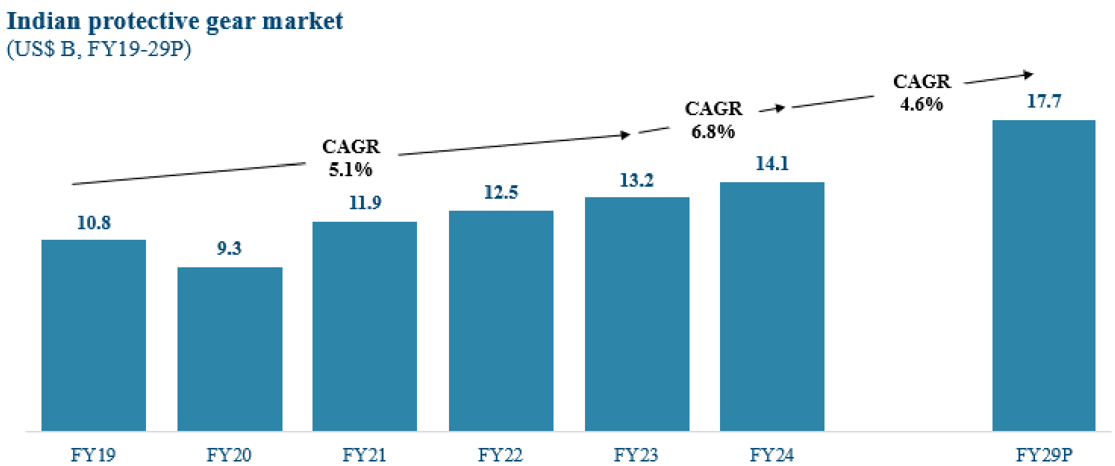
Key Trends of the Global Protective Gear Market

The global protective gear market is evolving with the adoption of advanced technologies and materials. Key trends include the development of flexible and lightweight materials, the integration of smart technology, and the customization of gear for specialized applications. Additionally, global collaborations in research and development, and a growing focus on enhancement of ballistic protection material is driving the industry.

Enhancement of ballistic protection materials	• **Advanced ammunition**, including armour-piercing rounds and tungsten carbide cores, **demands armour designs tailored to address higher threat levels.** • To improve ballistic resistance & endure multiple impacts, materials like B_4C, SiC & Al_2O_3 composites are increasingly employed for higher structural integrity & toughness
Development of flexible and lightweight materials	• Traditional heavy steel armour is being replaced by advanced lightweight materials like **aramid fibres, polyethylene, and ceramic composites** • **Offers improved mobility and comfort** leading to better operational performance and user satisfaction
Customization for specialized applications	• Industries such as maritime security, aviation, and critical infrastructure protection are now tailoring ballistic **protection solutions to meet their specific needs, ensuring focused and effective protection** • **Increased market opportunities** by providing tailored protective solutions for specific application, ensuring effective protection
Integration of smart technologies	• Integration of smart technology features, such as voice amplification systems for **effective communication under extreme conditions and 360° situational awareness systems providing real-time data** • Enhanced communication & situational awareness **improve operational efficiency**
Global collaborations for research and development	• Governments, defence agencies, and private companies are **pooling resources to accelerate the development** of next-generation protective technologies • This collaboration accelerates innovation through pooled resources, maintaining leadership in cutting-edge protective technology

Indian Protective Gear Market Overview

Indian protective gear market is witnessing a significant growth driven by the country's emphasis on modernizing its defence forces and enhancing soldier safety. Valued at approximately U.S.$14 billion in Fiscal 2024, the market is expected to grow at a CAGR of 4.6%, reaching approximately U.S.$18 billion by Fiscal 2029. This surge is attributed to increased budget allocation for defence spending due to heightened threat levels, government initiative such as Make in India, and advancements in protective technologies tailored to meet the unique challenges of India's defence landscape.



Note(s): P- Projected
Source(s): 1Lattice analysis

Key Growth Drivers of the Indian Protective Gear Market

Amid escalating geopolitical tensions and increased defence budget allocations, coupled with government initiatives such as 'Make in India' and PIL, the Indian protective gear market is well-positioned for substantial growth. Additionally, key drivers include heightened awareness among soldiers regarding advanced protective gear, a growing emphasis on safety and well-being, and ongoing upgrades in skills and capabilities of the armed forces.

Increased budget allocation

- As per FY25 Union Budget, **Ministry of Defence** has been allocated **US$ 75B**, an increase of ~18% from FY23 and ~5% from FY24 allocation.
- India's defence budget has consistently increased to ensure military capabilities and protection.

Geopolitical tensions

- Concern over **the two-front military threat from China and Pakistan**, along with terrorism has resulted in increased vigilance and active deployment along borders and within India.
- Rising geopolitical **tensions have intensified the demand for robust and reliable protective gear** to enhance operational security and ensure the safety of defence personnel.

Government initiatives

- **F-INSAS** program aims to equip infantry soldiers with advanced gear, including better weaponry, communication systems, & body armour, driving growth for protective gear market.
- Initiatives like **Make in India and PIL** aimed at boosting local manufacturing & promoting self-reliance, encourage **domestic manufacturers to develop high-quality protective gear**, thereby enhancing the growth potential of the Indian market.

Increasing awareness

- **Enhanced access to information** is increasing users' knowledge of the latest developments in protective gear, leading to a higher demand for advanced solutions.
- As defence personnel & security forces become more informed about the benefits of cutting-edge gear, they are more likely to **demand and adopt these innovative solutions** which, in turn, **stimulates market growth**.

Emphasis on safety & well-being

- Indian defence sector's **growing focus on the safety and well-being of soldiers** is driving greater investment in state-of-the-art protective equipment.
- Increased emphasis on improving soldier **survivability and effectiveness is expected to boost demand for advanced protective gear** and stimulate market growth.

Skill & capabilities developments

- Increasing emphasis **on enhancing defence forces' skills & capabilities** is driving demand for high-performance protective gear, as modern protection priorities & methodologies evolve.
- **Advanced tactical operations** are boosting demand for high-tech protective gear, with investments focused on ensuring defence personnel are well-equipped for complex missions

Entry barriers

The defence manufacturing industry in India for these products presents high entry barriers for new players due to significant capital investments needed to establish manufacturing facilities, the need to customise products for the environment of use, requirement of specific licenses like Defence Industrial License under IDR Act 1951 and specific certifications like BIS certification. In addition, to set up facilities in compliance with applicable laws, licensing and certification requirements for products and need to comply with other legal requirements including using minimum 50% indigenous content to be eligible to supply products to the Ministry of Defence, Government of India pursuant to certain schemes further increase the entry barriers. Key barriers include stringent regulatory compliance, adherence to quality and safety standards, intense competition and market dominance, and substantial capital investment requirements. Collectively, these factors present considerable obstacles for newcomers attempting to enter the Indian defence manufacturing sector.

Entry barriers	Description
Stringent product testing	• Defence sector imposes stringent entry barriers due to **complexity of product testing & extensive vendor approval process**, preferring suppliers with proven reliability & past performance in delivering high-quality products. • New entrants face significant challenges in gaining trust & approval, as defence organizations rely on **established suppliers** with a demonstrated history of **meeting critical operational standards**.
Regulatory compliance	• **Strict regulations govern the defence** manufacturing sector, making compliance & obtaining approvals a lengthy & complex process. • Companies must secure defence manufacturing licenses, undergoing **extensive scrutiny from government agencies such as the DIPP / MoC&I, MHA etc.** • **FDI in defence is permitted up to 74%**, but higher levels require special government approval, creating a barrier for international investors.
Quality & safety standards	• Producers manufacturing military protective gear need to adhere to international standards, **including NIJ STD 0101.06 as well as domestic certifications such as BIS 17051** to ensure compliance. • The Indian defence sector mandates **stringent quality assurance protocols** for new manufacturers, encompassing comprehensive testing, validation, and auditing procedures.
Competition & market dominance	• **Major domestic & international defence contractors currently dominate market**, holding established relationships with armed forces, & entering such a network poses significant challenges for new entrants. • The defence sector typically **procures from tried suppliers** with a track record of successful deliveries, creating barriers for new players to build trust and secure contracts.
High capital investment	• **Significant capital investment** is required for specialized equipment, advanced materials, and rigorous testing to ensure compliance with military standards. • **Ongoing investment in R&D** is essential for meeting stringent performance standards set by Indian military regulations, as well as for staying ahead of evolving market threats.
Familiarity with ecosystem	• Understanding **of key players, supply chains, and technological advancements** within the defence sector is essential for establishing a competitive edge and identifying potential opportunities. • **In-depth knowledge of industry-specific regulations, standards, and operational protocols** is crucial for navigating the defence manufacturing sector effectively.
Established credentials & accreditation	• **Strong history of successful defence projects** and collaborations highlights reliability and expertise, bolstering credibility and trustworthiness in the industry. • Awards and **certifications from reputable organizations, including defence ministries**, validate high-quality manufacturing practices and adherence to safety standards.

Key Trends of the Indian Protective Gear Market

Key trends for Indian protective gear include modernization and investment in advanced protective gear, the push for indigenous manufacturing with reduced import reliance, and the adoption of advanced materials for enhanced protection and mobility in the protective gear market.

Modernization and investment

- The capital outlay for military modernization has surged to **INR 172K Cr in FY25**
  - MoD has allocated 75% of modernization budget for procurement through domestic industries for FY25.
- Indian Army is engaged in **93 modernization projects**, with a total value of INR 1.4 Lakh Cr.
- In the past 3-4 years, Army has secured 121 capital procurement contracts totaling INR 93,463 Cr.

Indigenous manufacturing

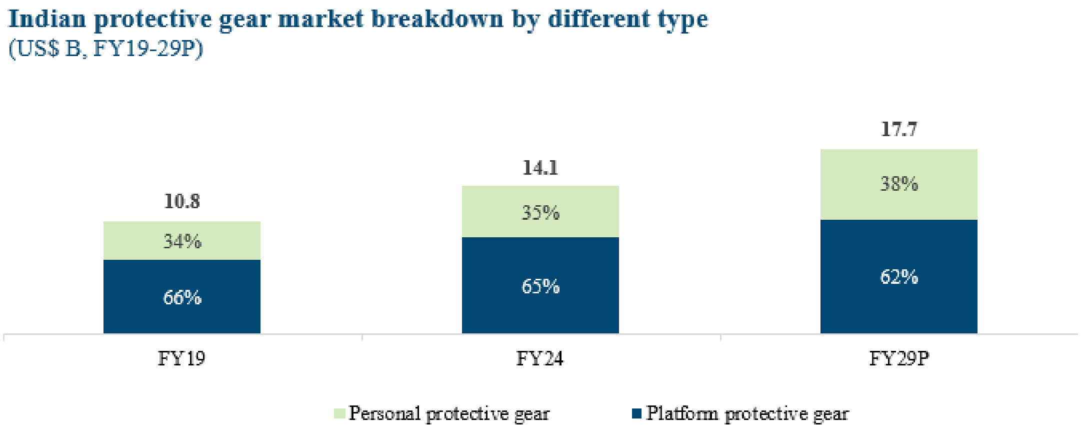
- Government's drive for self-reliance through initiatives like the PLI scheme and the SRIJAN portal has accelerated the procurement of domestically produced items, reducing import dependency and enhancing India's defence capabilities.
- Over the past three years, indigenisation of more than 12,300 items has enabled the DPSUs to **place orders worth INR 7,572Cr with domestic vendors.**
- By increasing indigenous manufacturing, reliance on imports is reduced, thereby **enhancing domestic production and reinforcing self-reliance** in the defence sector.

Advanced material integration

- Indian protective gear market is increasingly adopting advanced materials **like lightweight composites and high-strength alloys.**
- Enhances durability and protection while ensuring greater **mobility and comfort for personnel** in various defence scenarios.
- Advanced material integration gives **competitive advantage** from using innovative, high-performance materials.

Indian protective gear market breakdown by different types – Personal gear, platform gear, and others

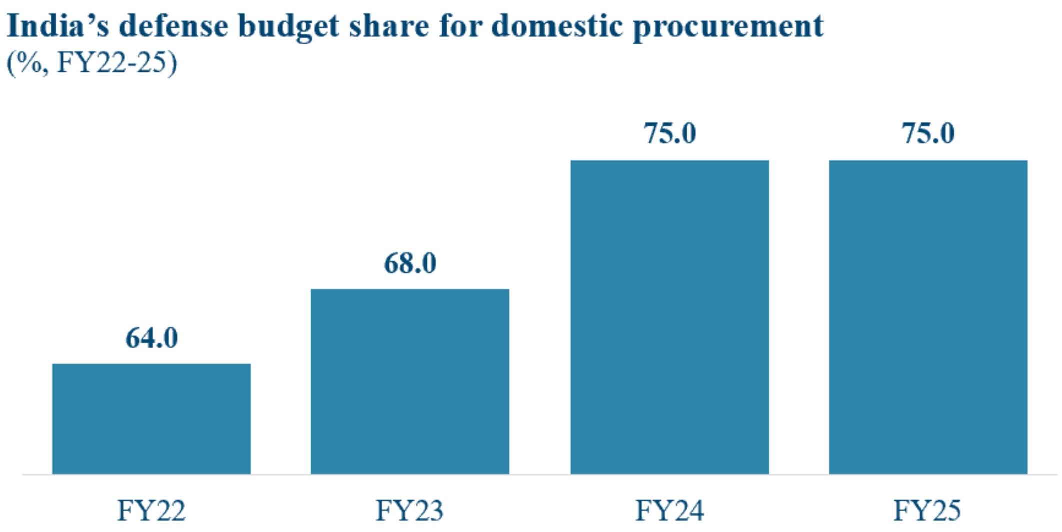
Indian protective gear market in Fiscal 2024 is valued at approximately U.S.$14 billion and will reach approximately U.S.$18 billion in Fiscal 2029, with platform protective gear making up the majority at approximately 63% of the total market. This segment includes protective equipment for vehicles, aircraft, and marine vessels, highlighting India's focus on securing and enhancing its defence platforms. Meanwhile, personal protective gear, which accounts for 37% of the market, includes items such as body armor and helmets, emphasizing the ongoing efforts to safeguard individual soldiers. This breakdown illustrates India's strategic investment in platform and personal protective equipment to strengthen its defence capabilities.



Note(s): P- Projected
Source(s): 1Lattice analysis

Impact of Indigenization Policy

The indigenization policy in India aims to enhance self-reliance in defence production, significantly impacting the defence protective gear market. The indigenization policy encourages the production of defence equipment within India, reducing reliance on imports. The 'Make in India' program has accelerated indigenization efforts in the defence sector.



Source(s):PIB, 1Lattice analysis

India's import ban on 346 different types of weapons and platforms, coupled with the indigenization of approximately 12K items under the fifth PIL, has been crucial in advancing the Aatmanirbharta (self-reliance) initiative within the defence sector. This strategic shift has led to the domestic production of several advanced defence products, including light tanks, infantry combat vehicles, nasal vessels, and light helicopter. By the end of 2025, most of the light are anticipated to be fully manufactured in India as outlined in the third PIL. These indigenization efforts underscore a significant move towards enhancing self-reliance in defence production while also improving the protection of personnel and equipment.

Export potential

India's defence exports have witnessed an exceptional surge over the past decade, with a growth factor exceeding 30 times. The country now supplies defence products to more than 90 nations, a trend significantly driven by global conflicts such as the Russia-Ukraine war and the Israel-Hamas conflict. These geopolitical tensions have prompted many countries to bolster their military capabilities, positioning India as a pivotal supplier in the global defence market.

As of 2020, India exported bulletproof jackets and helmets to 34 countries, including Brazil, Mexico, Japan, the Philippines, Singapore, the United Kingdom, and the UAE. It also supplied armor shielding to Germany, Mexico, Cambodia, and Saudi Arabia. India's non-aligned stance has significantly boosted its defence protective gear exports, allowing engagement with a wide array of countries without the constraints of formal military alliances. This strategic independence enables India to tailor its offerings to diverse needs, expanding its market reach and fostering bilateral agreements based on mutual interests. As a result, India's defence protective gear enjoys a broad customer base, strengthening its position in the global defence market.

In the first quarter of Fiscal 2025, India's defence exports surged by 78%, reaching ₹ 6,915 crore, compared to ₹ 3,885 crore in the corresponding period of the previous year. Similarly, in Fiscal 2024 defence exports touched a record high of ₹ 21,083 crore, an increase of 32.5% over Fiscal 2023. Notably, India has commenced the export of bulletproof jackets manufactured to its national standards, which align with international norms, to a lot of countries, including several European nations. India is now the fourth nation, following the United States, United Kingdom, and Germany, to establish a national standard for bulletproof jackets, offering comprehensive 360-degree protection. The Bureau of Indian Standards, responsible for setting quality standards across various products and services, has developed more than 20,000 standards to date. With rising conflicts and heightened awareness regarding soldier safety and protection from threats, India, with its growing defence manufacturing sector, can capitalize on the rising demand by exporting protective gear to countries looking to enhance their war preparedness.

PERSONAL PROTECTIVE GEAR MARKET OVERVIEW

Key Use Cases and Applications of Personal Protective Gear

Personal protective gear is crucial for military personnel to ensure both safety and operational efficiency. It provides defence against ballistic threats such as bullets from handguns and rifles, as well as shrapnel from explosive devices. In addition to ballistic protection, this gear also shields against non-ballistic hazards, including combat-related injuries, and specialized threats such as chemical or biological agents. The equipment includes ballistic helmets that protect the head from impacts while ballistic vests and plate carriers guard against bullets and shrapnel. Hard armor plates inserted into carriers enhance protection against high-calibre rounds and ballistic shields offer additional defence in close-quarter combat and room interventions.

Ballistic helmets	• Ballistic helmets **safeguard from bullets, shrapnel, blunt blows, falls, and impacts** in combat situations. • During high-risk missions, elite units **utilise advanced ballistic helmets equipped with integrated communication systems** and night vision mounts, which enhance situational awareness and overall protection. • Ballistic helmets are used in some **high-risk situations** like SWAT operations, counter-terrorism, and riot control, where there is a threat of **gunfire or explosive devices**.
Ballistic Vest	• Ballistic vests are essential for soldier protection in combat zones, **providing defence against bullets & shrapnel.** • Advanced and specialized ballistic vests are employed by elite military units and explosive ordnance disposal personnel to **offer superior protection during high-risk missions and** bomb disposal operations. • Ballistic vests **safeguard military personnel during both conflict and peacekeeping missions**, protecting them from unexpected attacks.
Hard armour plates	• Hard armour plates offer superior **protection against high-velocity rifle rounds**, & armour-piercing bullets, making them essential for high-intensity combat and urban warfare scenarios. • Hard armour plates are also **vital for military personnel engaged in vehicle-mounted patrols,** convoys, and peacekeeping missions, as they provide protection against IEDs, sniper attacks, and insurgent ambushes.
Ballistic shields	• Ballistic shields offer **protection during hostage rescues, building breaches**, and vehicle dismounts, safeguarding soldiers from gunfire and explosive threats. • In urban warfare and close-quarters combat, these shields **provide critical protection in confined spaces** with high ambush risks and are essential for peacekeeping missions and managing large crowds. • Special forces and counter-terrorism units rely on **ballistic shields for maximum defence against projectiles**, improvised weapons, and gunfire during high-risk operations.

Manufacturing Overview of Personal Protective Gear

The production of personal protective gear involves a sophisticated value chain that spans from raw material procurement to distribution to end users. This process includes several critical stages: component manufacturing, assembly and inspection, packing and storage, and distribution. Essential personal protective gear components—such as vests, helmets, and shields—undergo a detailed production process, which includes assembling anti-ballistic fabrics, trauma liners and other protective elements. Each component is carefully inspected and packaged before being delivered to its final recipients, which may include military personnel as well as law enforcement agencies. The efficiency and quality of this value chain is vital to ensuring the safety and protection of individuals in hazardous environments.

The manufacturing process of personal protective gear encompasses several key stages to guarantee optimal safety and durability. It starts with creating patterns for various components, including outer carriers, soft and hard armor panels, harness and padding, helmet shells, etc. Specialized machinery is then employed to cut, shape, and assemble these materials, followed by additional processes such as pressing, trimming, and sealing. For advanced protective gear, ceramic plates may be bonded with high-performance polyethylene in autoclaves to enhance protection. Throughout each stage, rigorous quality control measures are applied to ensure that every product adheres to safety standards before it is packaged and dispatched to the market.

Bulletproof helmet

The process starts with creating patterns for each component, followed by cutting anti-ballistic fabric for the helmet shell. For the harness and padding, accessories such as Velcro and webbing are cut and sewn together. After assembling the anti-ballistic fabric, the helmet shell undergoes various processes, including pre-form making, pressing, edge cutting, trauma pad application, inner cloth attachment, and painting. The harness and padding are then inspected and fitted to the helmet shell. Finally, the completed helmet undergoes quality checks, packaging, and labelling before it is ready for dispatch.

Bulletproof jacket and vest

The manufacturing process begins with creating patterns for the jacket components, including outer carriers, soft armor panels, and hard armor panels. Anti-ballistic fabrics and accessories are then cut using specialized machinery. The components proceed through several stages, including pressing, trimming, and sealing. In the final stage, the assembled components are integrated into the finished product, which undergoes stringent quality control checks before being shipped. The National Institute of Justice ("**NIJ**") defines the minimum performance standards of “Ballistic Resistance of Body Armor” in NIJ Standard–0101.06. These standards are combined in different levels like II, IIA, III, IIIA and IV.

	Test variables					Performance requirement			Shot requirement					
Armor type	**Test round**	**Test bullet**	**Bullet mass**	**Conditioned armor test velocity***	**New armor test velocity***	**Hits per panel at 0° angle**	**Maximum BFS depth**	**Hits per panel at 30° or 45° angle****	**Shots per panel**	**Panel size**	**Panel condition**	**Panel required**	**Shots required**	**Total shots required**
Level IIA	1	9 mm FMJ RN	8.0 g (124gr)	355 m/s (1165 ft/s)	373 m/s (1225 ft/s)	4	44 mm (1.73 in)	2	6	Large	New conditioned	4 2	24 12	144
										Small	New conditioned	4 2	24 12	
	2	.40 S&W FMJ	11.7 g (180 gr)	325 m/s (1065 ft/s)	352 m/s (1155 ft/s)	4	44 mm (1.73 in)	2	6	Large	New conditioned	4 2	24 12	
										Small	New conditioned	4 2	24 12	
Level II	1	9 mm FMJ RN	8.0 g (124gr)	379 m/s (1245 ft/s)	398 m/s (1305 ft/s)	4	44 mm (1.73 in)	2	6	Large	New conditioned	4 2	24 12	144
										Small	New conditioned	4 2	24 12	
	2	.357 Magnum JSP	10.2 g (158 gr)	408 m/s (1340 ft/s)	436 m/s (1430 ft/s)	4	44 mm (1.73 in)	2	6	Large	New conditioned	4 2	24 12	
										Small	New conditioned	4 2	24 12	
Level IIIA	1	.357 SIG FMJ FN	8.1 g (125 gr)	430 m/s (1410 ft/s)	448 m/s (1470 ft/s)	4	44 mm (1.73 in)	2	6	Large	New conditioned	4 2	24 12	144
										Small	New conditioned	4 2	24 12	
	2	.44 Magnum SJHP	15.6 g (240 gr)	408 m/s (1340 ft/s)	436 m/s (1430 ft/s)	4	44 mm (1.73 in)	2	6	Large	New conditioned	4 2	24 12	
										Small	New conditioned	4 2	24 12	
Level III	1	7.62 mm NATO FMJ	9.6 g (147 gr)	847 m/s (2780 ft/s)	-	6	44 mm (1.73 in)	0	6	All	Conditioned	4	24	24
Level IV	1	0.30 Caliber M2 AP	10.8 g (166 gr)	878 m/s (2880 ft/s)	-	1 to 6	44 mm (1.73 in)	0	1 to 6	All	Conditioned	4 to 24	24	24
Special	-	Each test threat to be specified by armor manufacturer or procuring organization				Armor performance and shot requirements shall depend on armor type								

Note(s):*Target measurement velocity. Fair hit measurement velocities must be within ±9.1m/s (±30ft/s)of this value, **Each armor that is to be shot at angles other than 0◦ shall be shot once at a 30◦ angle and once at a 45◦ angle

Bulletproof armor panel

The manufacturing process for armor panels with creating patterns, followed by assembling anti-ballistic materials for cutting. The panels are then pressed using a hydraulic press and trimmed. For armour-rated NIJ Level III and above, the process includes bonding ceramic with HPPE backing in an autoclave. The final stage involves rigorous quality control checks before the product is shipped to the market.

Bulletproof shield

The process starts with creating patterns for the components, followed by cutting the anti-ballistic fabric on cutting tables. The cut fabrics are then assembled and pressed using hydraulic presses. For shield panels, NIJ Level III or higher HPPE panels or ceramic-composite panels are added and bonded. For harnesses and padding, additional materials such as Velcro, webbing, and padding are included. The final steps involve finishing touches like trimming, painting, and quality checks before the bulletproof shield is prepared for dispatch. The BIS has set standards like 17051 which defines standards for the protection level for ballistic shields.

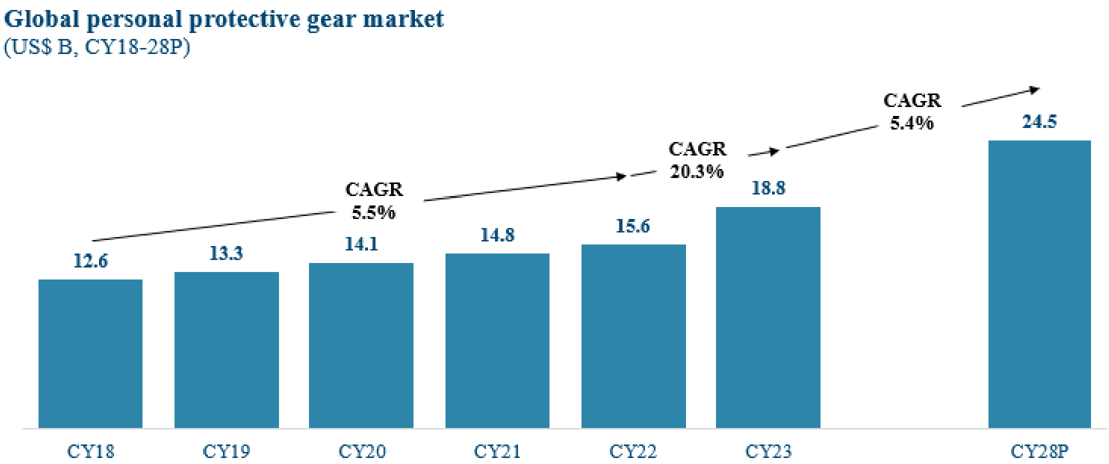
Sl No.	Threat level	Ammunition	Bullet Weight (g)	Bullet type	Impact Velocity (m/s)	Stand-off Distance (m)	Remark
i)	1	9 × 19 mm	7.4 – 8.2	FMJ/Pb	430 ± 15	5 ± 0.5	For all flexible panels
ii)	2	7.62 × 39 mm	7.45 – 8.05	FMJ/MSC	710 ± 15	10 ± 0.5	-
iii)	3	7.62 × 51 mm	9.4 – 9.6	FMJ/Pb	840 ± 15	10 ± 0.5	In addition, shall be compliance with threat level 2
iv)	4	5.56 × 45 mm	3.5 – 4.0	FMJ/(SI+Pb)	890 ± 15	10 ± 0.5	In addition, shall be compliance with treat level 3
v)	5	7.62 × 39 mm	7.45-8.05	HSC	700 ± 15	10 ± 0.5	
vi)	6	7.62 × 54 R	10.3-10.5	API	830 ± 15	10 ± 0.5	
vii)	Special	Any other requirement by the user. Complete details of ammunition shall be stored for future upgradation of standard.					

Note: Routine ballistic evaluation may use service ammunition where bullet weight is not considered, Bullet weight shall be considered for reloaded ammunition. FMJ: Full Metal Jacket, Pb: Lead core, MSC: Mild Steel Core, SI: Steel Insert, API: Arm our Piercing Incendiary. HSC: Hard Steel Core

Personal Protective Gear Market Overview – Global

Personal protective gear is crucial for safeguarding troops and includes body armor, garment ensembles, footwear covers, gloves, and helmets. Designed to protect against ballistic threats such as bullets and shrapnel, it also shields against non-ballistic hazards, including combat-related injuries, environmental dangers, and specialized threats like chemical and biological hazards. The global market for personal protective gear was valued at approximately U.S.$19 billion in 2023 and is projected to grow at a CAGR of 5.4%, reaching approximately U.S.$25 billion by 2028.

The ongoing conflicts in Russia-Ukraine and Palestine-Israel, have increased demand for personal protective gear. Additionally, Iran's recent nuclear activities have heightened tensions with Israel and the US. The primary drivers of the personal protective gear market are the rising demand for advanced equipment and increasing government procurement. European government spending on military personal protective gear is expected to rise sharply, and along with this soldier modernization programs are anticipated to create lucrative opportunities for the global market.

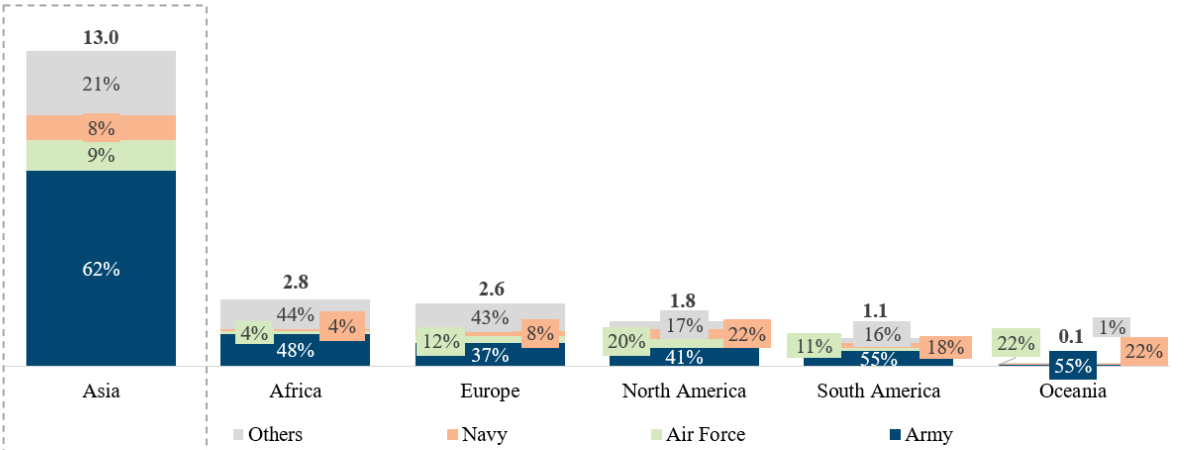


Note(s): P- Projected
Source(s): 1Lattice analysis

Personal protective gear users: Army, Navy, Border Security and others

In 2023, the global distribution of active military personnel reveals significant regional disparities. Asia leads with 13 million personnel, comprising 62% of the world's military forces, predominantly within the Army. Africa and Europe follow with 2.8 million and 2.6 million personnel, respectively, reflecting a focus on ground forces in Africa and a more balanced military structure in Europe. North America, with 1.8 million personnel, emphasizes naval power, particularly within the United States. South America's 1.1 million personnel are more evenly spread across different military branches, while Oceania has the smallest military force, focused primarily on territorial defence. To enhance operational effectiveness, personal protective gear is essential. Army units depend on advanced body armor and helmets for ground combat, while naval forces require specialized equipment for maritime operations. The air force prioritizes lightweight gear that protects without sacrificing mobility during aerial missions. Additionally, border security personnel in high-tension regions are equipped with protective gear designed for endurance and resilience, ensuring safety during prolonged operations.

Segmentation of active military personnel: army, airforce, navy, & others*
(M, CY23)



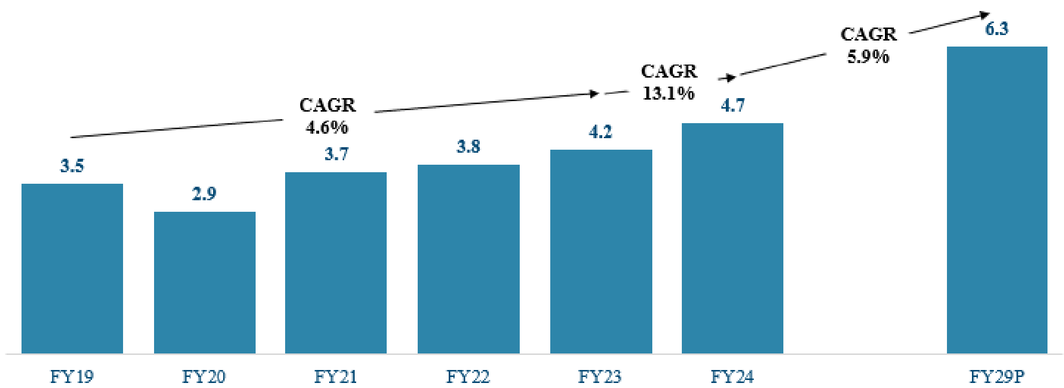
Countries with highest active military personnel in each region (K)											
China	2,000	Egypt	450	Ukraine	700	United States	1,310	Brazil	360	Australia	60
India	1,500	Algeria	250	Poland	210	Mexico	225	Colombia	265	New Zealand	12
North Korea	1,200	Morocco	200	France	205	Canada	70	Venezuela	138	Fiji	4

Source(s): CIA, *Police, border defense forces, coast guards, gendarmerie and more

Personal protective gear market overview – Indian

India's personal protective gear market grew at a CAGR of 13.1% during Fiscal 2022-23, reaching a value of approximately U.S.$5 billion in Fiscal 2024, and is projected to grow at a CAGR of 5.9% during Fiscal 2024 to Fiscal 2029 to reach a value of approximately U.S.$6 billion by Fiscal 2029. Key trends driving this growth include the development of more durable and high-strength ballistic protection materials and innovations in self-healing ballistic protection materials. A key driver of this growth is the product life cycle, with replacement demand arising due to the limited operational lifespan of equipment. Bulletproof vests typically have a life span of 5 years, while helmets have a shelf life of 10 years and an operational life of 7 years, requiring replacements due to normal wear and tear.

Indian personal protective gear market
(US$ B, FY19-29P)

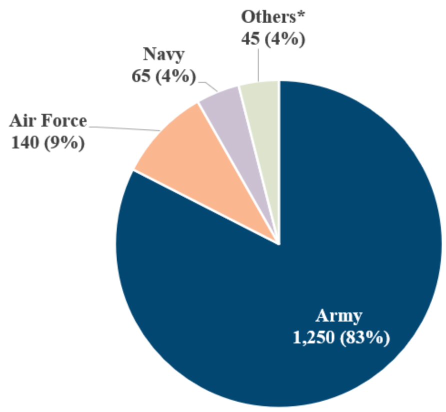


Note(s): P- Projected
Source(s): 1Lattice analysis

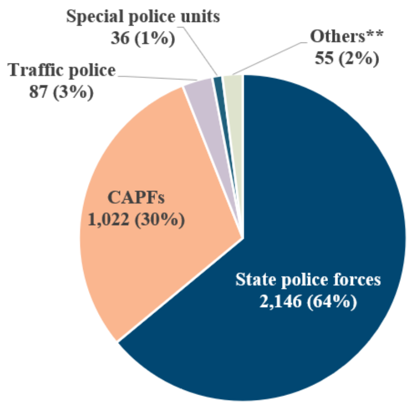
As of 2023, India's active military personnel stand at 1.5 million, with the Army constituting the majority at 83%, followed by the Air Force at 9% and the Navy at 4%. Other branches, such as paramilitary forces and coast guards, account for 4% of the total. In terms of internal security, India employs 3.3 million personnel, with 64% serving in state police forces and 30% in the Central Armed Police Forces. The remaining personnel are distributed among traffic police (3%), special police units (1%), and other specialized branches like the CID and crime branches

(2%). The expanding scope of military operations, including peacekeeping missions and counter-terrorism activities, is driving the need for versatile protective gear capable of adapting to diverse environments and threats. The expanding scope of military operations, including peacekeeping missions and counter-terrorism efforts, demands adaptable protective gear suited to various environments and threats. The industry increasingly focuses on developing innovative technologies, such as advanced ceramics, to produce flexible and lightweight armor. Governments are prioritizing the quality-of-life soldiers by investing in lighter, safer equipment that enhances operational efficiency in daily activities. Rising cross-border tensions with China and Pakistan, internal conflicts and growing terrorism are further driving market growth.

India's active military personnel
(K, CY23)



India's internal security personnel
(K, CY23)



Source(s): CIA, DoPO, *Paramilitary forces, coast guards, etc., **Special branch, CID/crime branch

Key Trends in Personal Protective Gear Market

The army personal protective gear market for ballistic and armoured equipment is poised for substantial growth, fuelled by technological advancements, increased military spending, and a focus on soldier safety and modernization. As threats evolve, the demand for innovative and effective protective solutions will continue to rise, shaping the future landscape of military protective personal gears.

Heightened border tension	• Shift in primary focus from Pakistan to addressing **threats from China** has resulted in increased vigilance & **active deployment along borders**, which is expected to fuel market growth of protective gear. • Following the faceoff in Galwan Valley, MoD reinforced supplies of **protective gear and bulletproof jackets** for army personnel.
Focus on safety & well-being	• The Indian defence sector's increasing focus on soldier safety & well-being is driving investments in **cutting-edge protective equipment**, boosting demand for advanced gear. • Innovations in durable, high-strength ballistic protection materials, are transforming the market, **enhancing product performance & competitiveness**.
Increased adoption of advanced materials	• Increased **access to information among users** is driving demand for advanced protective gear as defence personnel and security forces **adopt innovative solutions**, boosting market growth. • Lightweight, durable protective gear enhances mobility and comfort while **advanced materials** improving overall efficiency.
Technological advancements	• Advancement of more **durable, high-strength ballistic protection materials** is essential to keep pace with evolving ammunition technologies, such as armour-piercing incendiary bullets. • By integrating cutting-edge technology into protective gear, **companies can differentiate their products in the market,** enhancing their value proposition.
Government initiatives	• The F-INSAS program focuses on **equipping infantry soldiers with advanced gear**, enhanced weaponry, and personal protective equipment such as helmets and bulletproof vests. • Initiatives like "Make in India" and the PIL scheme are **promoting domestic manufacturing & self-reliance**, encouraging local manufacturers to produce high-quality protective gear, thereby boosting growth potential of Indian market.

Export potential

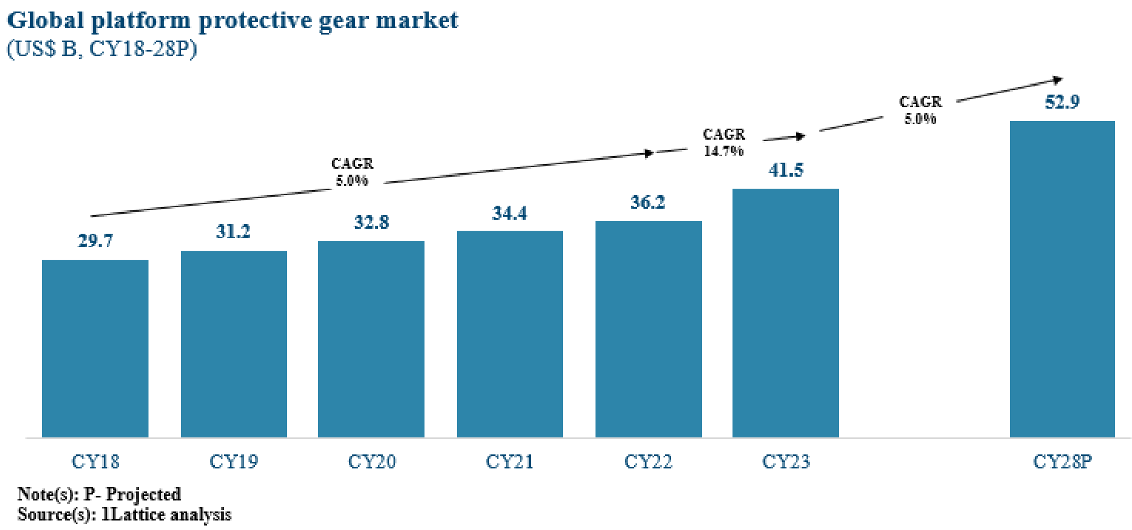
India's personal protective gear sector has significant export potential, driven by government initiatives and the establishment of high-quality standards. The Defence Production Policy, announced in 2011, aims for substantial self-reliance in defence equipment design, development, and production while encouraging private industry and SMEs to play a larger role.

India has exported personal protective gear, including bulletproof jackets, to a lot of countries, meeting international standards through its own Bureau of Indian Standards ("**BIS**"). India has its own national standards for bulletproof jackets that offer 360-degree protection. This recognition has strengthened India's reputation as a reliable exporter of high-quality protective gear, especially in regions with growing defence needs. BIS standards have boosted exports by aligning Indian products with global quality and safety benchmarks, enhancing their competitiveness. This has opened new markets, built trust with international buyers, and streamlined certification, reducing trade barriers and driving innovation across industries.

PLATFORM PROTECTIVE GEAR MARKET OVERVIEW

Platform Protective Gear Market Overview – Global

Global platform protective gear market has shown steady growth, reaching approximately U.S.$42 billion in 2023, up from approximately U.S.$30 billion in 2018, driven by a CAGR of 5.0% during 2018-22 and 14.7% during 2022-23. This segment, which includes protective equipment for defence platforms like vehicles, aircraft, and marine vessels, is projected to continue its upward trajectory, reaching approximately U.S.$53 billion by 2028. This growth reflects increased investments in defence modernization and the rising demand for advanced protective solutions across the globe.



Order Book Analysis for Major Air, Land and Sea Defence Equipment Manufacturers

Defence sector shows strong overall growth, suggesting a potentially favourable environment for protective gear manufacturers. BAE Systems order book value increased significantly from U.S.$48.3 billion in 2021 to U.S.$54.2 billion in 2023, indicating rising defence spending. Airbus demonstrated consistent growth in its order book, rising from US$30.6 billion in 2021 to US$40.6 billion in 2023.

In the Indian market, HAL maintained a stable order book of approximately ₹ 80,000 crore across Fiscal 2021 to Fiscal 2023, reflecting steady domestic demand for air defence equipment. Armoured Vehicles Nigam Limited showed a substantial order book of ₹ 37,006 crore in Fiscal 2022, and ₹ 32,644 crore in Fiscal 2023, indicating significant investment in land-based defence systems. This growth in the defence equipment market is expected to drive demand for component suppliers, thereby creating strong demand potential for protective equipment as well.

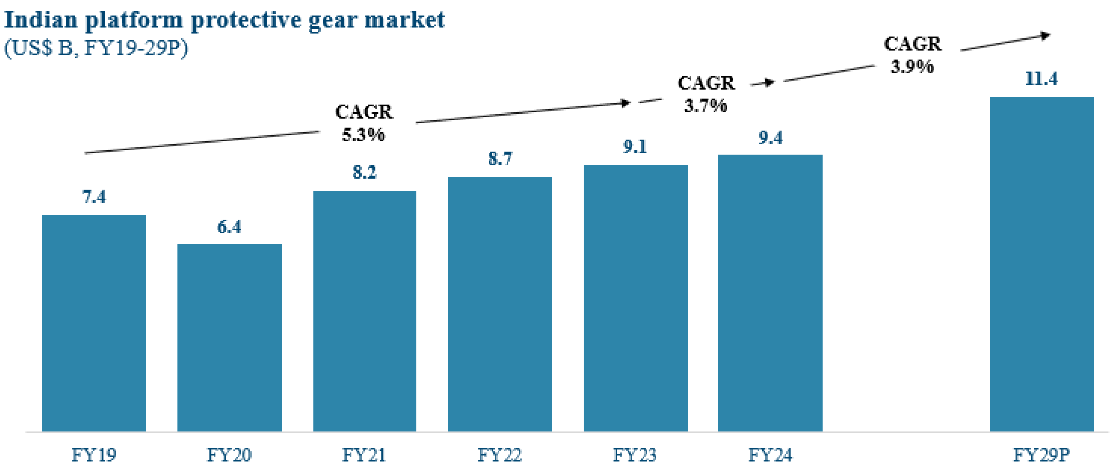
Global major companies Order Book Value (US$ B)					
Companies	**Country**	**Presence**	**CY21**	**CY22**	**CY23**
Lockheed Martin Corporation	US	Air, Sea	53.4	80.4	NA
BAE Systems	UK	Air, Land, Sea	48.3	44.5	54.2
Airbus	France	Air	30.6	33.1	40.6
GE Aerospace	US	Air	25.6	31.1	38.1
Dassault Aviation	France	Air	11.2	18.1	8.0
Rheinmetall	Germany	Land	2.6	1.3	5.9

Indian major companies Order Book Value (INR Cr)				
Companies	**Presence**	**FY21**	**FY22**	**FY23**
HAL	Air	80,639.0	82,154.0	81,784.0
Armored Vehicles Nigam Limited	Land	NA	37,006.0	32,644.0

Source(s): Annual report and financial statements of Lockheed Martin Corporation, BAE System, Airbus, GE Aerospace, Dassault Aviation, Rheinmetall, HAL, Armoured Vehicle Nigam Limited, 1Lattice analysis

Platform Protective Gear Market Overview – Indian

Indian platform protective gear market has been steadily expanding, with its value growing from approximately U.S.$7 billion in Fiscal 2019 to approximately U.S.$9 billion in Fiscal 2024. Looking ahead, the market is projected to accelerate at a CAGR of 3.9%, reaching approximately U.S.$11 billion by Fiscal 2029. This upward trajectory is fuelled by India's push for defence modernization, with a strong emphasis on indigenization efforts to reduce dependency on imports and enhance domestic manufacturing capabilities.



Note(s): P- Projected
Source(s): 1Lattice analysis

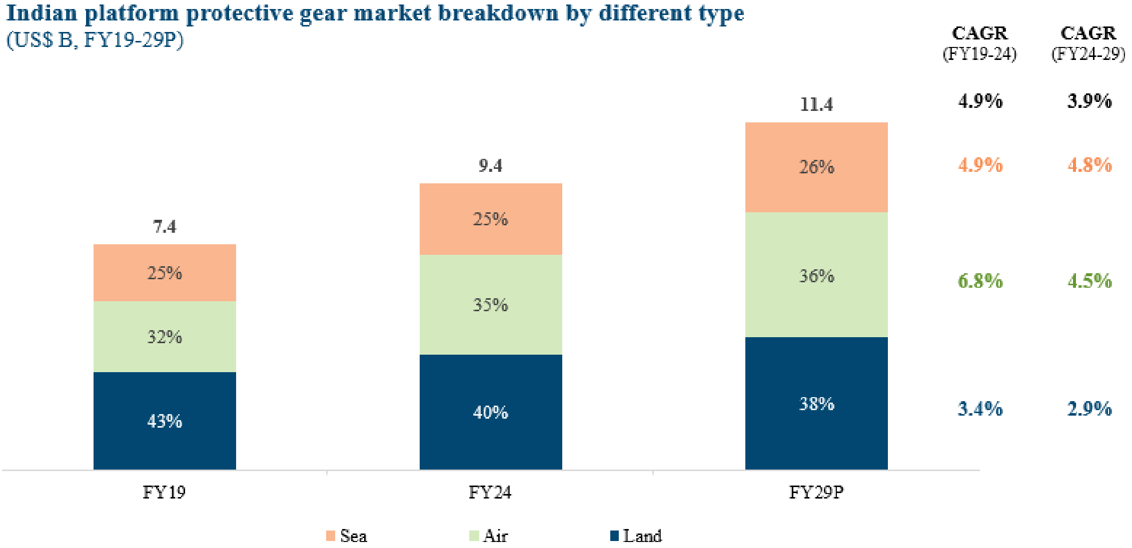
Indian platform protective gear market segmentation by type – Air, land and sea

The Indian platform protective gear market has shown notable growth across air, land, and sea segments, driven by advancements in:

- Lightweight composite ballistic protection,
- Metal armor
- Reactive armor
- Transparent armor (bullet-resistant glass) for vehicles

- Composite armor
- Hull reinforcement
- Anti-mine and anti-torpedo systems for naval platforms
- Lightweight composite ballistic protection for helicopters
- Cars for VVIPs

The market is dominated by the land segment with 40%, followed by air with 35%, and sea with 25% of the total market during Fiscal 2024. In Fiscal 2019, the market was valued at approximately U.S.$7 billion, with the land segment leading at 43%, the air segment at 32%, and the sea segment at 25%. By Fiscal 2029, the market is projected to reach approximately U.S.$11 billion, with land accounting for 38%, followed by air (36%), and sea (26%). This growth underscores India's commitment to strengthening its defence capabilities across all platforms.



Note(s): P- Projected
Source(s): 1Lattice analysis

India's defence capabilities in comparison to key neighbouring adversaries' advisories and key global players

India's defence capabilities demonstrate a complex positioning compared to key global players like China, Pakistan, Russia, and the USA. In land systems, India boasts a significant number of tanks (4,614) and armoured vehicles (151,248), surpassing Pakistan but trailing behind China. However, in self-propelled artillery, India's count is notably low at just 140 units. Air power reveals a similar picture; while India operates 2,296 total aircraft, including 606 fighter aircraft, it still falls behind both China and the USA. Naval capabilities show India with a total fleet strength of 294 ships, including two aircraft carriers, which matches China's capacity but is less than that of the USA. Overall, while India has robust numbers in certain categories, there remains a need for modernization and enhancement to fully match the capabilities of leading global military powers.

India's land systems in comparison to key global players (FY24)

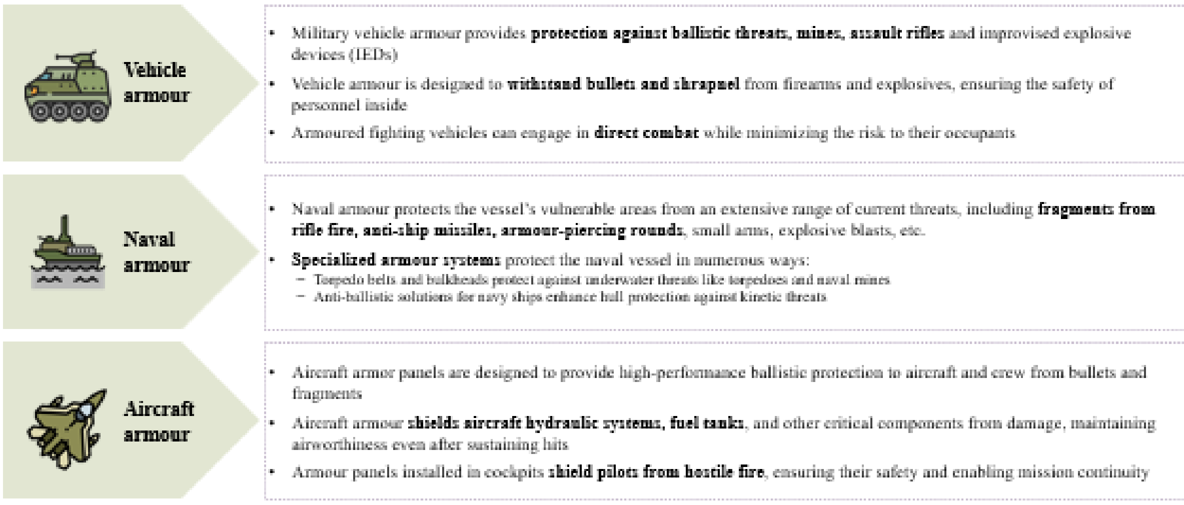
Category	India	China	Pakistan	Russia	USA
Armoured Vehicles	1,51,248	1,74,300	50,523	1,61,382	36,069
Tanks	4,614	5,000	3,742	14,777	4,657
Towed Artillery	3,243	1,434	3,238	8,356	1,267
Mobile Rocket Projectors	702	3,180	602	3,065	694
Self-Propelled Artillery	140	3,850	752	6,208	1,595

India’s air power in comparison to key global players (FY24)					
Category	India	China	Pakistan	Russia	USA
Total Aircraft	2,296	3,304	1,434	4,255	13,209
Helicopters	869	913	352	1,547	5,737
Fighter Aircraft	606	1,207	387	809	1,854
Trainer Aircraft	351	402	549	552	2,648
Transport	264	289	60	453	957
Dedicated Attack	130	371	90	730	896
Special Mission Aircraft	70	112	25	145	695
Attack Helicopters	40	281	57	559	1,000

India’s navy power in comparison to key global players (FY24)					
Category	India	China	Pakistan	Russia	USA
Total Naval Fleet Strength	294	730	114	781	472
Patrol Vessels	137	150	69	122	5
Submarines	18	61	8	65	64
Corvettes	18	72	7	83	23
Destroyers	12	49	2	14	75
Frigates	12	42	9	11	0
Aircraft Carriers	2	2	-	1	11
Mine Warfare	-	36	3	47	8
Helo Carriers	-	3	-	-	9

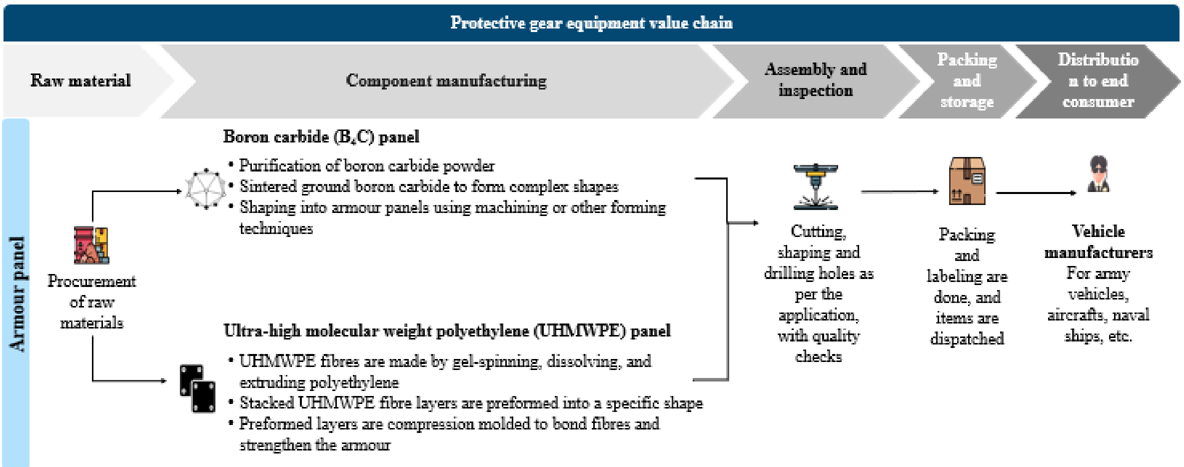
Key use cases and applications of platform protective gear

Defence platform protective gear encompasses various types of protection equipment designed to safeguard military vehicles, naval vessels, and aircraft from ballistic threats, small arms fire, explosives, bullets, and fragments, etc. The ability of modern military vehicles and their crews to survive depends on the vehicles’ capacity to endure blasts and shrapnel from improvised explosive devices. To counter these threats, effective armouring systems are essential for ensuring sufficient protection for armed forces.



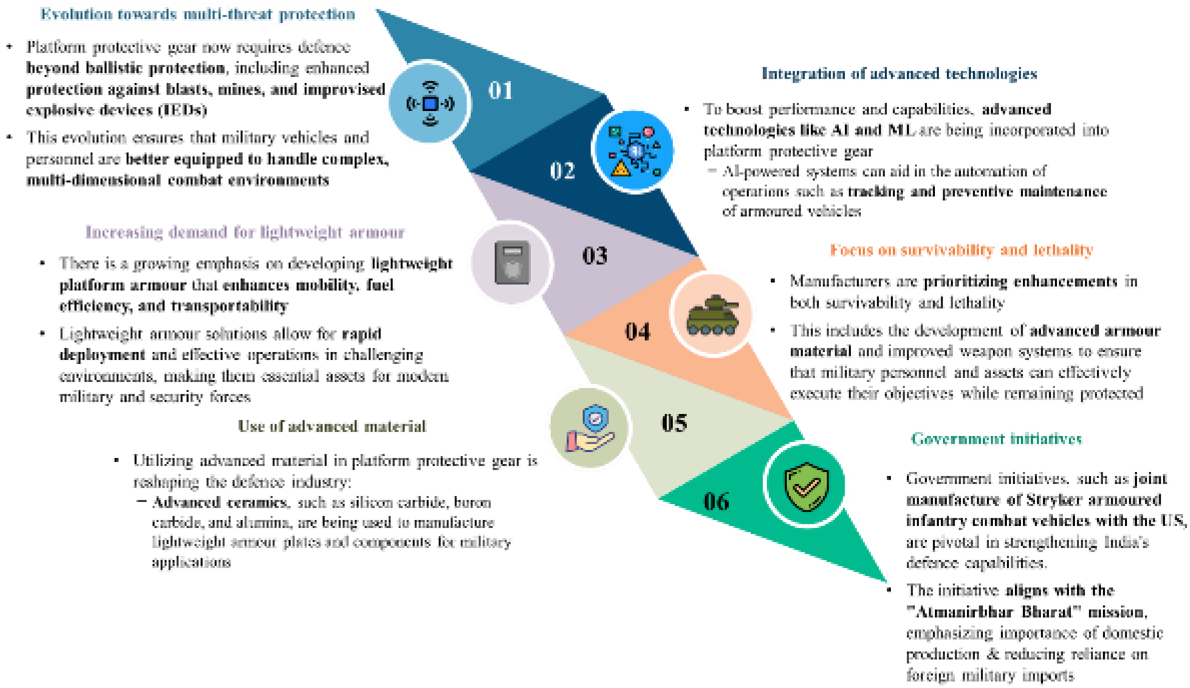
Value chain and manufacturing overview of platform protective gear

Production of platform protective gear involves a sophisticated value chain that spans from raw material procurement to distribution to end users. This process includes several critical stages: component manufacturing, assembly and inspection, packing and storage, and distribution. Essential platform protective gear components—such as vehicle, naval, and aircraft armor - undergo a detailed production process, which includes making composite panels of materials such as boron carbide, UHMWPE, etc. These are shaped into armor panels with careful inspection and quality control and delivered to its final recipients, which may include military vehicles, navy vessels, military aircraft, and helicopters. The efficiency and quality of this value chain are vital to ensuring the safety and protection of individuals in hostile environments.



Key trends in platform protective gear market

The platform protective gear market is shaped by trends such as evolution towards multi-threat protection, increasing demand for lightweight armor, integration of advanced technologies, use of advanced material, and focus on modular and scalable armor systems. These trends highlight the ongoing evolution of platform protective gear, emphasizing the need for advanced solutions that enhance protection, operational effectiveness, and adaptability in modern warfare.



Export potential

India's defence exports have experienced remarkable growth, achieving a CAGR of 32.5% between Fiscal 2022 to Fiscal 2023, with exports reaching over ₹ 21,083 crore in Fiscal 2024. India's platform protective gear export potential is bolstered by its growing defence diplomacy and strategic partnerships. Through signed MoUs with countries such as Bangladesh, Zimbabwe, and Kenya, India has expanded its defence exports, including mobility vehicles and armoured personnel carriers.

Recent exports, such as ambulances to Kenya, high-powered trucks to the Thai army, and armoured vehicles to the Guyana police force, highlights India's increasing role in global defence supply. The government's creation of defence Lines of Credit has further facilitated these exports, with countries like Vietnam, Bangladesh, and Kyrgyzstan benefiting from this initiative.

AMMUNITION MARKET

Overview of Ammunition and Value Chain and Manufacturing

Overview of Ammunition

Ammunition, is a critical component of war equipment serves as a fundamental component of military combat readiness, is essential for the operational effectiveness of armed forces. It is categorized into three primary types based on calibre: small-calibre, medium-calibre, and large-calibre.

Small-calibre ammunition typically refers to calibres smaller than 14.7 mm. Small-calibre ammunition encompasses a variety of calibre sizes, including 5.56 mm, 7.62 mm, 9 mm, and 12.7 mm, each designed for specific applications. The 5.56 X 45 mm NATO round is widely used by both the Indian armed forces and paramilitary units. For precision shooting, machine guns, and single-shot rifles, the 7.62 X 51 mm and 12.7 X 99 mm NATO rounds are favoured. In contrast, 9 mm, .38 calibre, and .45 ACP are the standard choices for pistols, employed by military and law enforcement personnel.

Medium-calibre ammunition covers calibres between 20 mm and 60 mm. Medium-calibre ammunition encompasses high-performance rounds in the 20 mm, 25 mm, 30 mm, and 40 mm range. In India, Infantry Fighting Vehicles ("**IFVs**") predominantly utilize 30 mm ammunition of Soviet or Russian origin, while newer platforms are increasingly adopting NATO-standard ammunition. This type of ammunition is also commonly employed in aircraft, anti-aircraft artillery, and naval ships, which are equipped with autocannons featuring calibres between 20 mm and 40 mm. Medium-calibre ammunition, used in machine guns, has larger projectiles and more propellant for extended range. These versatile munitions are integral to modern defence systems, providing robust firepower across various military platforms.

Large-calibre ammunition refers to calibres greater than 60 mm. Large-calibre ammunition, used in land and naval artillery, tanks, and Infantry support weapons incorporates advanced propellant systems and electronic components like fuses and guided systems. Large-calibre ammunition typically refers to the ammunition of 105 mm and 120 mm calibres, widely used in military applications. The Indian Navy, for instance, employs 76 mm naval guns across its major surface combatant vessels. Additionally, the Indian Army is progressively standardizing its artillery on 155 mm calibre systems, aiming to enhance operational efficiency and firepower consistency across its artillery units. It is important to note that the manufacturing facilities for large-calibre ammunition cannot be adapted for small-calibre production due to the distinct technical requirements involved in handling and producing different calibre sizes. Each calibre requires specialized infrastructure and equipment tailored to its specific production demands.

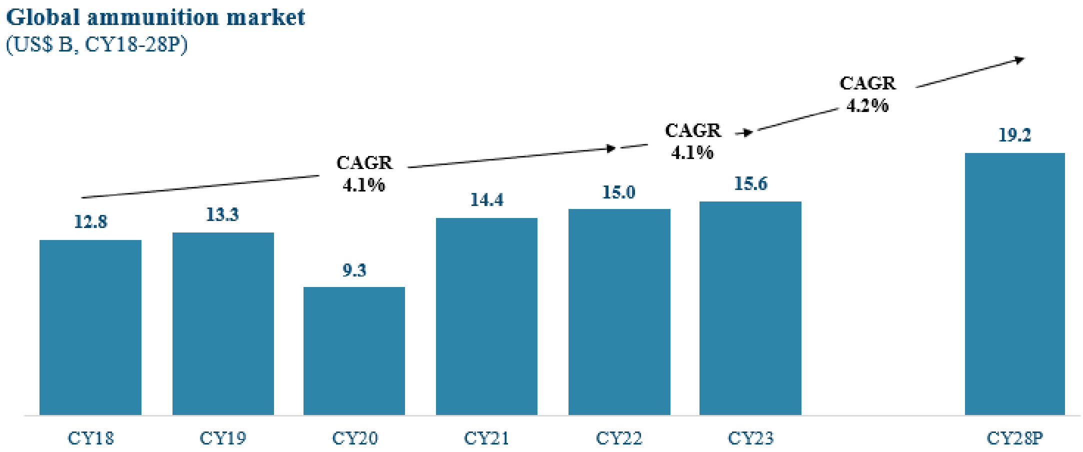
The War Wastage Reserve ("**WWR**") consist of military materials held in reserve for potential wartime needs, including bullets, rockets, missiles, weapons, and fuel. The Indian government has revised the WWR policy, aiming to stock enough ammunition for 40 days of intense warfare, allowing sufficient time for production to ramp up and meet military demands. Recent global events such as the Russia-Ukraine conflict and escalating border tensions with China have necessitated a significant increase in these reserves. This shift is expected to create substantial demand for ammunition over the coming years of particular note is the fact that only about 200 of the 410 Bofors guns in India remain operational. Additionally, with the inclusion of 155mm ammunition in India's positive indigenization list and the ban on imports effective since December 2022, the responsibility for meeting this growing demand falls on domestic manufacturers, further highlighting the need for modernization and private sector involvement in defence production.

Value chain and manufacturing

The ammunition value chain begins with raw material procurement and ends with distribution to the end consumer. The process includes stages such as sourcing raw materials (metals, chemicals, and packaging materials), and manufacturing components (shell, cartridge, fuse and primer). This is followed by quality control and testing (including visual, dimensional, and weight inspection, as well as quality testing), and then packaging and storage (including packing, lot and batch number assignment, and storage). The final stage is the distribution to the end consumer, which includes the military and special police forces.

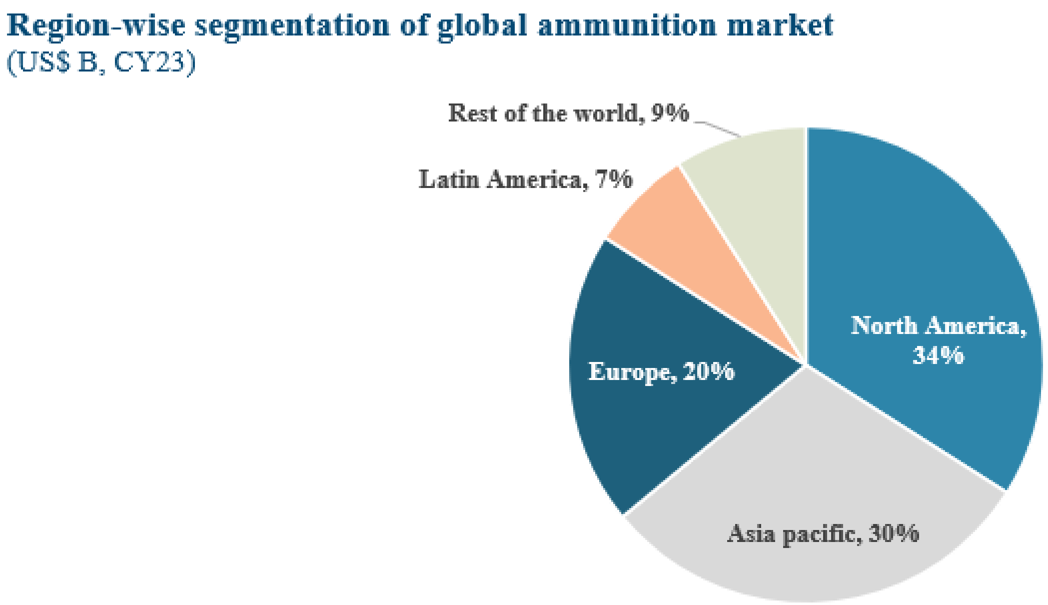
Global ammunition market

Global conflicts and geopolitical tensions have sharply increased, driving higher demand for ammunition worldwide. Conflicts in regions like Eastern Europe, the Middle East, and parts of Asia have underscored the need for strong defence capabilities. Additionally, the rise of non-state actors and insurgency has led governments to enhance internal security, with law enforcement agencies increasingly relying on advanced ammunition. In response, the ammunition industry is rapidly expanding, with countries boosting production, investing in R&D, and forming alliances to secure a steady supply of advanced munitions. As global security concerns rise, the ammunition industry plays a crucial role in protecting nations and maintaining stability. The global ammunition market is experiencing significant growth, with demand in 2023 valued at approximately U.S.$16 billion. The market is expected to reach a value of approximately U.S.$19 billion in 2028 growing at a CAGR of 4.2%. The volumetric demand for small-calibre ammunition in 2023 was estimated at 2.3 billion rounds. The demand across various calibres was estimated at 36.0 million rounds for medium-calibre ammunition. The demand for heavy-calibre ammunition was projected to reach around 1.8 million rounds in 2023. In other categories, such as grenades, mortars, and mines, the global demand was estimated at 1.8 million units. Additionally, the global demand for loitering ammunition in 2023 was estimated at 94,000 units.



Note(s): P- Projected
Source(s): 1Lattice analysis

North America holds the largest share in the global ammunition market at 34%, followed closely by Asia Pacific with 30%. Europe accounts for 20% of the market, highlighting its significance in the global supply of ammunition. Latin America and the rest of the world have smaller shares, representing 7% and 9% respectively. This regional distribution underscores North America and Asia Pacific as key players, driven by their large defence expenditures and modernization efforts in military capabilities. Meanwhile, Europe maintains a considerable portion, influenced by geopolitical tensions and defence initiatives. Latin America and other regions though relatively smaller, offer good market opportunities.

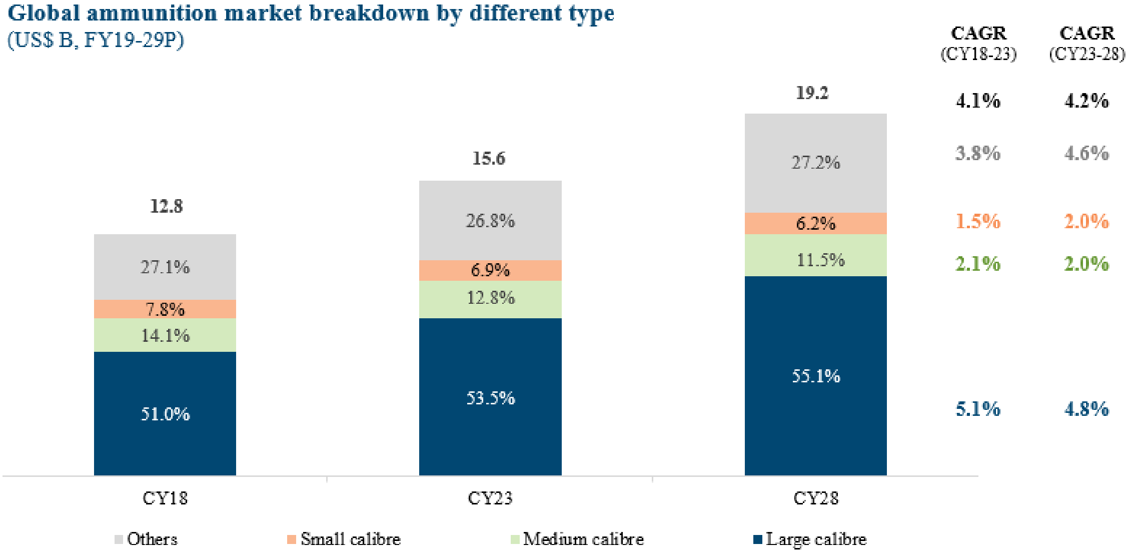


Source(s): 1Lattice analysis

Global ammunition market breakdown by various types – Small, medium and large

In 2023, large calibre (>60mm) holds the largest market share at approximately 53%, followed by medium calibre (20-60 mm) at approximately 13% and small calibre (< 14.7mm) at 7%. The large calibre segment is projected to achieve the highest CAGR of approximately 5% during both 2018 to 2023 and 2023 to 2028. This significant growth is primarily driven by the increasing utilization of 155mm ammunition.

Global ammunition market breakdown by different type
(US$ B, FY19-29P)



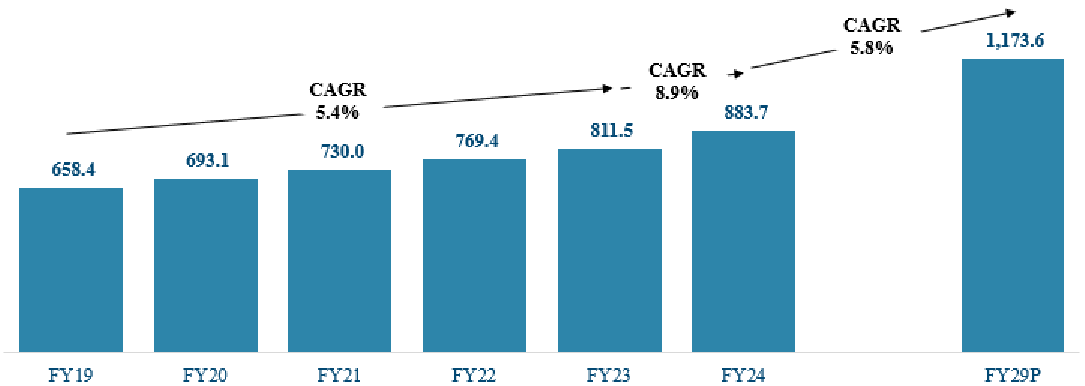
Note(s): P- Projected, *Includes loitering munition, grenades, mines & mortars
Source(s): 1Lattice analysis

Indian ammunition market

The Indian ammunition industry is rapidly expanding, driven by strategic initiatives and urgent security needs. Key factors include increasing geopolitical tensions, the necessity to replenish national stockpiles, a comprehensive modernization program, and the push for self-reliance. The government has decided to reduce ammunition imports and instead procure ammunition requirements from domestic sources. Previously, only the state-owned Ordnance Factory Board was permitted to produce ammunition and India's private sector was only allowed to manufacture parts of ammunition such as the shell or fuse. However, the MoD under its 'Make in India' and 'Atmanirbhar Bharat' initiatives is encouraging the private sector to manufacture ammunition in India. The MoD has already introduced the fifth Positive Indigenisation List, which includes plans to stop the import of all types of ammunition by 2025.

To maintain military readiness and meet annual training requirements, India focuses on maintaining and replenishing its ammunition stockpile, ensuring sufficient supplies for sustained operations. The Indian ammunition market is currently valued at U.S.$659 million in Fiscal 2024, it is expected to grow at a CAGR of 5.8% to reach a value of U.S.$1,174 million by Fiscal 2029.

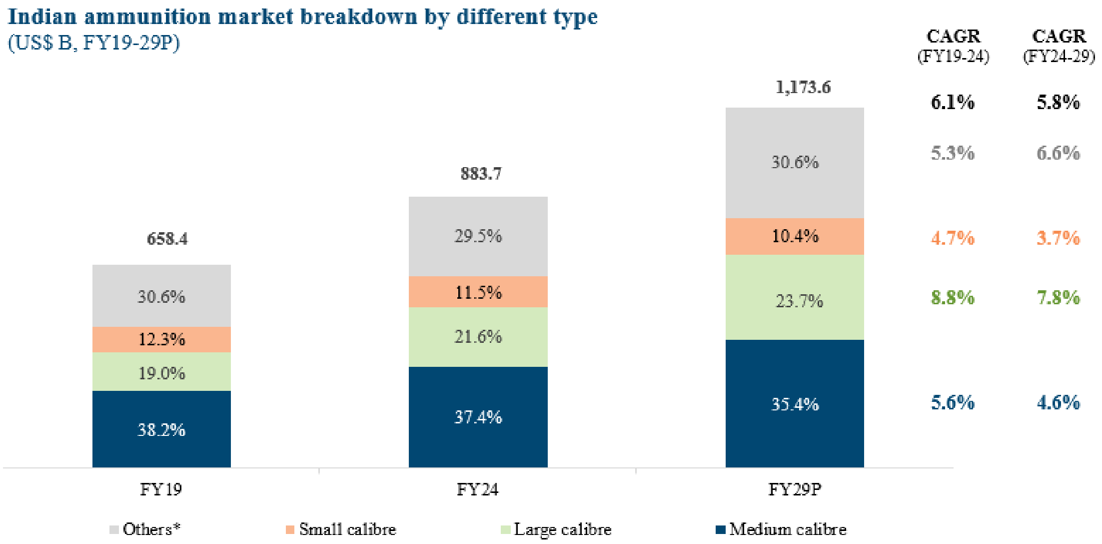
Indian ammunition market
(US$ M, FY19-29P)



Note(s): P- Projected
Source(s): 1Lattice analysis

Indian ammunition market breakdown by various types – Small, medium and large

Ammunition's shelf life varies depending on its composition, storage, and manufacturing processes and must be managed according to Directorate General of Quality Assurance ("**DGQA**") guidelines, which ensure the quality and reliability of Indian military equipment. In Fiscal 2024, medium calibre (20-60 mm) holds the largest market share at approximately 37%, followed by large calibre (>60mm) at approximately 21% and small calibre (< 14.7) at 11%. Large calibre ammunition is projected to experience the highest CAGR of approximately 8% during Fiscal 2023 to Fiscal 2029, building on its impressive CAGR of approximately 9% from Fiscal 2019 to Fiscal 2024. This growth is driven by a rationalization plan aimed at conversion to 155 mm ammunition, supported by the Make in India initiative, which promotes domestic production. The initiative also aims to position India as a global player in ammunition exports, aligning with the vision of to make for the world.



Note(s): P- Projected, *Includes loitering munition, grenades, mines & mortars
Source(s): 1Lattice analysis

Key growth drivers of ammunition market

The Indian ammunition industry is rapidly expanding, fueled by strategic initiatives and urgent security requirements. Key factors behind this growth include rationalization plan for Indian artillery, the necessity to replenish national stockpiles, an extensive modernization program, and the nation's commitment to achieve self-reliance.

Rationalization plan

- Building on success of 155mm Bofors gun during Kargil War, **Indian Army proposed Field Artillery Rationalization Plan (FARP)**
- FARP **aims to modernize weapons** of 169 artillery regiments, with 155mm towed artillery continuing to be primary focus of artillery force.
- In CY22, the Army issued an RFI for the **procurement of 150 artillery guns** of 155mm/52 caliber
- DAC approved **procurement of ATAGS** (155mm/52 Caliber) for Indian Army which will be carried out by two private firms, Bharat Forge and Tata Advanced Systems Limited, this will increase domestic production & contribute to overall market growth.

Replenish national stockpile reserves

- To maintain **military readiness and meet annual training demands**, India strives to keep a **strong stockpile of ammunition**, replenishing it as needed to replace consumed or expired supplies.
- This strategy is designed to address **inventory shortfalls and** ensure that the armed forces have **sufficient resources for sustained operations**.
- This opens up opportunities for both domestic and international players in the **ammunition market**. The focus on **strategic stockpile management** encourages innovation, diversification of product lines, and the entry of new market participants, contributing to overall market growth.

Comprehensive modernization

- India's ambitious **defence modernization programs** are a major catalyst for growth in the **ammunition industry.**
- In the current budget, **~27.7%** of the total allocation was earmarked for **capital acquisitions**, reflecting substantial financial investments in **modernization efforts and capital expenditures.**
- The government's initiatives to promote **defence production and export** play a pivotal role in this context, aiming to increase **domestic production and** reduce reliance on **imports.**
- Drawing lessons from Ukraine war, Indian Army has updated profile of its artillery regiment & aims to **convert its entire artillery fleet to 155 mm gun systems by CY42.**

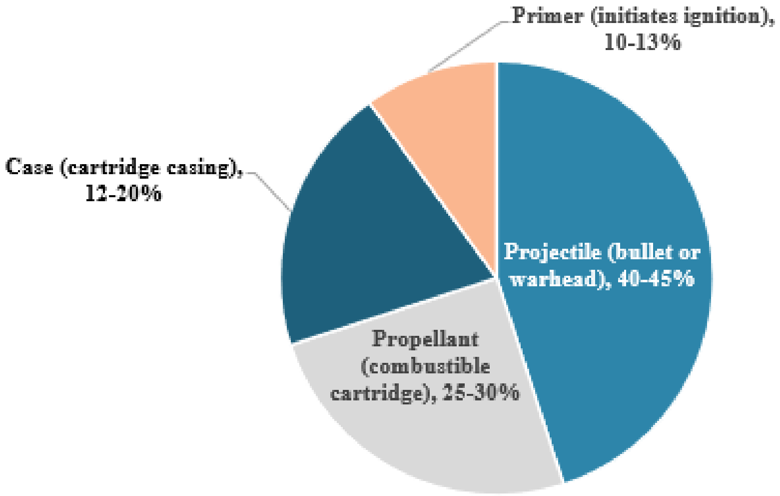
Self reliance

- **Self reliance** is a critical growth driver, steering the industry toward greater independence and **enhanced capabilities.**
- The government's **"Make in India"** initiative emphasizes this focus by prioritizing **domestic production** and reducing reliance on imports.
  - It also **encourages exports** & seeks to position **India as a significant player in the global market for niche products**. To support this initiative, the government is unveiling 10-year procurement plans aimed at boosting **production for international markets** as well.
- The MoD introduced the fifth PIL, which includes plans to stop the import of all types of ammunition by 2025. 155 mm ammunition is a part of the PIL

Cost analysis of ammunition

The cost composition of ammunition components is a critical factor in the overall production and procurement process. Ammunition comprises several key components, each contributing differently to the total cost. The projectile, which includes the bullet or warhead, represents the largest cost share (40% to 50%), reflecting its complexity and material requirements. The propellant, responsible for the combustion process that propels the projectile, also commands a significant portion of the cost (25% to 30%). Additionally, the cartridge casing (12% to 20%) and the primer (10 % to 13%), which initiates ignition, contribute to the overall expense, though to a lesser extent. Understanding the cost distribution among these components is essential for optimizing production efficiency and budgeting in defence manufacturing.

Cost analysis of component of ammunition
(%, CY23)



Source(s): 1Lattice analysis

Combustible cartridge cases offer several benefits compared to traditional brass cases. They are entirely combustible, eliminating the presence of spent cases. This leads to a better crew compartment environment by reducing toxic fumes and minimizing clutter from spent metals. Additionally, these cartridges can enhance firing rates and decrease barrel wear. In large calibre bi modular charge system is used. It consists of two types of modules: the bottom Charge module, designed for short-range fire and comprising one Zone-1 module and two Zone-2 modules, and the top Charge module, which covers long and maximum ranges with three to six modules spanning Zones 3 to 6. BMCS offers significant advantages over traditional charges, including simpler operations and reduced logistical demands for storage, transportation, and combat scenarios. It enables effective firing distances from 5 to 43 km with sufficient range overlap. Key benefits include enhanced safety due to uniform modules, ease of tactical firing, elimination of residual charge demolition, and a longer shelf life. Furthermore, the modular charge system can be utilized with any 155mm gun firing systems (39, 45, and 52 calibre) due to its flexible design and military background.

Key trends in ammunition

Ammunition is an essential element of military equipment and weapons, serving as a fundamental component of armed forces. In recent years, the Indian defence sector has witnessed a remarkable transformation, driven by strategic initiatives and a commitment to boosting domestic manufacturing capabilities. This evolution not only addresses the growing demand for sophisticated ammunition but also aligns with broader defence reforms aimed at strengthening national security. Key trends in ammunition market include a strong push towards indigenization under the "Make in India" initiative, increased private sector participation, and significant investments in advanced technologies such as drones, cybersecurity, and space defence. This shift aims to enhance self-reliance, modernize the armed forces, and position India as a global defence exporter.

Reduced reliance on imports	• India, previously dependent on importing ammunition from countries has **emphasized domestic production** due to evolving geopolitical circumstances and a focus on self-reliance. • Owing to the indigenisation push, there has been a decline in imports along with Indian defence establishment goal to **become self-reliant as well as a net exporter of ammunition in the next 1-2 years.**
Enhanced export opportunities	• In FY24, India exported 4.7M units of ammunition, India has been **strengthening its position as a leading exporter of defence equipment**, in key markets of Southeast Asia, the Middle East, and Africa. • The majority of India's **exports consist of small-caliber ammunition and machined components** in various calibers, reflecting the country's growing role in the global defence sector.
Government initiatives and policies	• FARP program seeks to **modernize 169 artillery regiments, with a focus on 155mm towed artillery**, and includes the Indian Army's plan to procure 3,000 to 3,600 guns across five categories. • Under PIL released to date, **MoD has identified ~85 items for indigenisation by CY34**. While 155 mm artillery ammunition was indigenized in CY22, there are still other types of ammunition that are yet to be indigenized.
Growing private sector participation	• India's ammunition sector has experienced significant changes in its imports and exports strategy due to a surge in **foreign investments, which is expected to reach ~INR 5,077 Cr by CY24.** • These investments have facilitated adoption of advanced manufacturing technologies, improving efficiency, quality, & safety standards in ammunition production.
Modernization and technological advancements	• Indian Army's strategy focuses **on standardizing artillery to a 155 mm caliber**, with the transition to indigenous guns anticipated to be completed by CY42. • Procurement of **next-generation artillery is in line with the Artillery Profile CY27**, which includes a combination of 155 mm/39 caliber, 155 mm/45 caliber, and 155 mm/52 caliber gun systems.
Participation from educational & research institutes	• Collaboration between defence companies and academic institutions is accelerating the indigenisation of critical technologies, **boosting R&D, and improving defence product quality** – **IIT Madras has partnered with Munitions India Limited** to develop **India's first indigenous 155mm smart ammunition**, aiming to reduce the Circular Error Probable (CEP) from 500 meters to 10 meters, significantly enhancing accuracy and lethality

Impact of indigenization policy

The indigenization policy in India is a strategic initiative aimed at reducing the country's dependence on imports for defence equipment and enhancing self-reliance by promoting the development and procurement of defence items from domestic manufacturers. This policy is part of the broader "Atmanirbhar Bharat" (self-reliant India) vision, which seeks to boost the domestic defence industry, including both public and private sector enterprises. Under this policy, the MoD has introduced 5 Positive Indigenisation List, which are lists of defence items that are banned for import and can only be purchased from Indian manufacturers. These lists include a wide range of items, from major systems and platforms to smaller components, and ammunition (such as 155 mm) to foster indigenous production capabilities.

Strategic autonomy: By indigenizing ammunition production, India reduces its reliance on foreign suppliers, ensuring a steady and secure supply chain during geopolitical tensions or crises. The defence industry is now capable of manufacturing a wide variety of ammunition for various weapon systems like tanks, artillery guns, air defence missiles, and grenade launchers. Rapid progress has been made towards achieving complete "Aatmanirbharta" in the manufacturing of ammunition required by our armed forces within the country.

Import substitution: Due to targeted policies like the 'DAP 2020' and the PILs, India's dependency on imported ammunition has significantly decreased. These policies mandate that specific defence items, including ammunition, are procured exclusively from domestic manufacturers, drastically cutting import costs and reinforcing self-reliance.

Increased export potential: India's strengthened indigenous defence manufacturing capabilities have notably increased its export potential. In 2022, the country exported U.S.$72.9 million in explosive ammunition, ranking as the 26th largest exporter globally. A key player in this success is Yantra India Limited ("**YIL**"), a prominent state-owned defence production company, which is witnessing a surge in demand for its 155mm artillery shells. YIL's success builds upon the groundwork established by Munitions India Limited ("**MIL**"), another Indian defence public sector undertaking ("**PSU**"). In February 2024, MIL achieved a significant milestone by securing its largest export order to date—a U.S.$225 million contract with Saudi Arabia for 155mm artillery shells. This growth in exports can be attributed to supportive policies, such as indigenization, which facilitate the development of advanced ammunition technologies, thereby enabling India to emerge as a competitive player in the global defence market.

Increased domestic procurement: India has cultivated a supportive environment for its domestic defence industry, allowing local companies to flourish and contribute significantly to the nation's overall development. The Indian Army plans to award contracts to two companies for the supply of 155mm terminally guided munitions projectiles, with a delivery rate of 197 TGM per year, along with 170 fire control systems, 87 projectile simulators, and 87 projectiles for its operational artillery guns. Along with this, all types of 155mm ammunition have been made available for private-sector participation. Trials are scheduled for October and November, involving various private and public companies. This strategic initiative bolsters the domestic defence sector, fostering the development of indigenous defence products by reducing competition from imports.

Regulatory compliances for setting up a defence company in India

The defence manufacturing industry in India for these products presents high entry barriers for new players due to significant capital investments needed to establish manufacturing facilities, the need to customise products for the environment of use, requirement of specific licenses like Defence Industrial License under IDR Act 1951 & Arms Act and contiguous land parcels for to set up facilities so that safety distances mandated by the Explosive Rules, 2008 for factories licensed for the manufacture and storage of explosives can be adhered, and the lengthy customer approval cycles. In addition, to set up facilities in compliance with applicable laws, licensing and certification requirements for products and need to comply with other legal requirements including using minimum 50% indigenous content to be eligible to supply products to the Ministry of Defence, Government of India pursuant to certain schemes further increase the entry barriers. Key barriers include stringent regulatory compliance, adherence to quality and safety standards, intense competition and market dominance, and substantial capital investment requirements. Collectively, these factors present considerable obstacles for newcomers attempting to enter the Indian defence manufacturing sector.

Establishing a defence company in India requires adherence to various regulatory and statutory requirements to ensure compliance and operational efficiency. Key areas of compliance include licensing, export-import regulations, taxation, environmental regulations, labour and employment laws.

To begin, companies must notify the concerned ministries regarding the defence equipment they intend to manufacture or assemble. This step is crucial for obtaining the required licenses and clearances. The Ministry of Home Affairs (MHA) and the Department of Promotion of Industry and Internal Trade (DPIIT) play a significant role in issuing licenses for a range of defence-related items, including small arms and ammunition, tanks, warships, defence aircraft, spacecraft, and allied equipment.

Parameter	License / approval	Purpose
Manufacturing	**Industrial license**	• An Industrial license is required for **legal compliance, manufacturing defence products, and ensuring national security and quality standards**.
	PESO license	• Required for **handling, storage, and use of explosives and hazardous materials**, ensuring safety and regulatory compliance in defence manufacturing.
Quality management	**Directorate General of Quality Assurance Registration Certificate**	• Ensure that their products meet the required defence standards for design, development, and production, ensuring quality and reliability for military use.
	ISO	• Required to **establish and maintain a quality management system** to ensure consistent product quality and continuous improvement in manufacturing processes.
	National Institute of Justice (NIJ)	• Demonstrate compliance with specialized **quality management standards for ballistic-resistant body armour**, ensuring consistent product safety, reliability, and performance.
	BIS (Bureau of Indian Standards)	• BIS license is mandatory for selling Bullet Proof Jackets in India and this was applicable starting 180 days from this date i.e. from 10th Oct 2023.
Export regulation	**Export license**	• For items in the Special Chemicals, Organism, Materials, Equipment and Technologies (SCOMET) list, export licenses are granted by DGFT based on recommendations from the Inter-Ministerial Working Group, including the Ministry of Defence.
	No Objection Certificate (NOC)	• Issued by the Department of Defence Production for military stores to **regulate export**.
	End User Certificate (EUC)	• Essential for **verifying the legitimacy of the end user** of defence products, preventing misuse and ensuring compliance with export regulations and restrictions.

Moreover, defence companies in India are obligated to comply with various labour and employment laws that regulate wages, employee benefits, safety standards, and working conditions. This ensures a fair and safe working environment for employees.

Export potential

In Fiscal 2024, India exported ammunition, totalling 4.7 million units, largely consisting of small-calibre ammunition and machined components. As per DGFT India has exported approximately U.S.$437 billion of arms and ammunition (including parts and accessories thereof) in Fiscal 2024. The Make in India policy's focus on defence indigenization has significantly boosted private sector participation in ammunition manufacturing, expanding both domestic production and export potential.

India is focusing on improving its exports for defence products. Some of the major ones being:

- Personal protective items
- Offshore patrol vessels
- Advanced light helicopter
- SU avionics
- Bharati radio
- Coastal surveillance systems
- Kavach MoD II launcher and FCS
- Spares for radar
- Electronic system
- Light engineering mechanical parts

Leveraging both private and public sector capabilities, the army plans to largely eliminate ammunition imports in the coming years. This strategic shift not only reduces costs but also positions India as a key global supplier, with companies like Munitions India Limited ("**MIL**") and other private firms.

India's defence sector is rapidly expanding its ammunition production capacity, with both public and private players enhancing output. Major players contributing to this growth include:

- Adani Defence has two major facilities producing 150 million rounds small calibre ammunition, annually. It also plans to produce medium and large calibre ammunition as well.
- Economic Explosives has secured a contract worth ₹ 212 crore for loitering munitions.
- Bharat Forge, approved to produce a wide range of ammunition.
- Saarloha Advanced Materials a subsidiary of Kalyani group specializing in specialty steels for critical applications, partnered with Arsenal J.S. Co (Bulgaria) to bid for Indian army ammunition supply.
- AAN Engineering a subsidiary of Rico Auto Industries focusing on structural metal products, partnered with SFTE Spetstechno Export (Ukraine) to bid for Indian army ammunition supply.
- SMPP Ammunition Private Limited has been allocated 800 acres of land by the Deputy Director of Industries, Single Window Clearance Agency, Nalagarh, Distt. Solan, Himachal Pradesh ("Government of HP") situated at Plot no. 01, Industrial Area, Lakhanpur, Tehsil Nalagarh, Distt. Solan (Himachal Pradesh), India for setting up their manufacturing facility.

Munitions India, formed in 2021 (erstwhile ordnance factory board), has already achieved significant export milestones, with orders totalling ₹ 1,726 crore in Fiscal 2024, with a robust order book from international clients. Inspired by successful ammunition export models in countries like the UK, France, and South Africa, India is now capitalizing on global supply chain disruptions caused by ongoing conflicts. The Indian Army's 10-year ammunition plan in 2023, which has reached 85% indigenization, includes securing supply chains and improving quality, with over 30 variants of ammunition being indigenized, further strengthening India's defence sector.

Indian government is actively promoting defence exports through a range of initiatives, some of the major ones being:

- Establishment of a dedicated export promotion body to develop strategies, coordinate schemes, and market defence products internationally.
- The Defence Export Steering Committee ("**DESC**") monitors sensitive exports and fosters collaboration among stakeholders.
- Export financing mechanisms, such as EXIM Bank and buyer's credit, support sales to economically weaker nations.
- Offset policies are aligned to boost export capabilities by incentivizing technology acquisition and integrating defence systems for global markets.
- Competitive benchmarking

SWOT for the defence industry

The defence protective equipment and ammunition industry is a significant contributor to India's defence sector. While the sector faces threats such as regulatory hurdles, geopolitical situations and supply chain challenges, it also benefits from strong government support and a skilled workforce. The increasing demand for indigenous manufacturing, driven by initiatives like "Make in India," provides substantial growth opportunities, positioning the industry for a pivotal role in enhancing national defence capabilities.

Strengths	Weaknesses
• **Government support**: Initiatives like IDEX (Innovations for Defence Excellence), DTIS (Defence Testing Infrastructure Scheme), and DRDO's technology development fund foster innovation, backing MSMEs and startups to develop cutting-edge defense technologies. • **Fourth largest armed forces:** India has the world's fourth-largest military force and the fourth-largest defense budget, enabling significant investments in military requirements like protective gear & ammunition • **Focus on indigenisation:** Import of protective equipment like ballistic helmets & bulletproof jackets was stopped in the first indigenisation list. This is boosting domestic manufacturing.	• **Ensuring product quality & meeting standards:** Each batch of equipment in defense undergoes stringent quality tests & the contract is awarded after all those standards. Any failure in this can lead to product recall, reputation damage & even legal issues. • **High investments in research & development:** Defense is a highly technology-driven industry & thus requires high investments in research & development for making substantial product improvements. • **Intense competition:** The market is highly competitive in terms of product standards and costs. These products are usually procured through tenders, which are awarded to participants meeting the requirements at the lowest costs, which increases the competition intensity.
Threats	**Opportunities**
• **Complex regulatory landscape:** In defense industry multiple agencies are involved, which requires meeting compliance requirements and approvals of multiple stakeholders. This makes the regulatory landscape complex & requires huge investments in product launches. • **Dependency on geopolitical situation & economic stability:** Geopolitical & economic situations have a high impact on the overall defense budget of the government. Thus, this has an impact on the growth of the industry. • **Supply chain challenges:** The defense industry requires precise components that are essential for manufacturing protective equipment & ammunition. The global supply chain issues pose a challenge to the domestic market as well & can impact the overall productions & costings.	• **Growth in new technologies:** Rising demand for new technologies in advanced missile systems, drones, and autonomous vehicles in the defense sector presents a growing market for surveillance and combat missions. • **Fastest developing market:** The defense sector is growing with increased government spending, strong order books, and rising exports creating expansion opportunities. • **Make in India initiative:** Promotes domestic manufacturing and foreign partnerships, reducing import dependence and bolstering self-reliance in defense production.

Competitive benchmarking

The defence protective equipment & ammunition industry is a significant contributor to India's defence sector. While the sector faces threats such as regulatory hurdles, geopolitical situations and supply chain challenges, it also benefits from strong government support and a skilled workforce. The increasing demand for indigenous manufacturing, driven by initiatives like "Make in India," provides substantial growth opportunities, positioning the industry for a pivotal role in enhancing national defence capabilities.

Company overview

SMPP Limited: Established in 1985 by an alumna of IIT, SMPP is a manufacturer of critical defence equipment, including personal protection, platform protection, and ammunition, with global sales. Provided to only selected companies in India, the SM Group holds a defence/industrial license from the Ministry of Defence, Government of India, as an approved manufacturer of combustible cartridges, bulletproof vests, helmets and shields, vehicle armor, and aircraft armor. SMPP Limited is equipped with state-of-the-art infrastructure, including an in-house testing laboratory.

SMPP Ltd operates in two main sectors: the production of ballistic protection products and the manufacturing of ammunition. In the realm of ballistic protection, the company specializes in personal protection products, including ballistic vests, helmets, and shields. In the field of personal protection products, they have obtained multiple patents and became the first company in India to secure a patent for a protective band specifically designed to improve the defence capabilities of bullet-resistant helmets against hard steel core bullets fired from AK-47 rifles. Furthermore, they have also secured a patent for this product in the United States. SMPP Limited is the market leader in India of personal ballistic protection products made of composites, in terms of value of domestic government orders awarded in FY 2024. For platform protection, they provide armour for vehicles, naval, and aircraft. Additionally, the company is engaged in the manufacturing of combustible cartridges. In the coming year, SMPP Limited plans to establish a new facility which is anticipated to be the largest private-sector ammunition manufacturing site in India, covering an area of 800 acres.

Additionally, SMPP Limited is among the few armour manufacturing companies in India to manufacture bullet resistant boron carbide plates. From the powder stage to the final ceramic plate, SMPP Ltd utilizes innovative, unique, and cutting-edge technologies to guarantee that its products adhere to international quality standards. SMPP Limited was the first Indian company to receive BIS certification under the BIS 17051:2018 standards for bullet-resistant jackets. Additionally, they are the only Indian company to possess three body armour certifications: BIS 17051:2018 (bullet-resistant jackets), BA 9000:2016 (quality management system for various products), and certain models certified by the National Institute of Justice (NIJ) 01.01.06 (ballistic-resistant body armour) and have been listed on the Compliant Product List of National Institute of Justice, USA.

MKU Limited ("MKUL"): MKU Limited, formerly known as M Kumar Udyog was established in 1985 as an Indian defence and homeland security company. With deep expertise and understanding of the challenges faced by the military forces on the frontline, coupled with extensive R&D capabilities, it has specialized in advanced personal and ballistic protection solutions. It also offers range of optronics solutions such as night vision and thermal weapon sights, monocular and binocular hand held devices.

TATA Advanced Systems Limited: TATA Advanced Systems Limited is a wholly owned subsidiary of Tata Sons. It is a private player in India's aerospace and defence sector. It offers end-to-end solutions, including aerostructures and aero engines, airborne platforms and systems, defence and security, and land mobility solutions. With robust capabilities, resources, and scale, these integrated systems span hardware, software, technology, and digital innovations.

Star Wire (India) Limited: Star Wire (India) Limited was established in 1991 as a manufacturer of critical components and special steels. It manufactures steels in the form of castings, forged, and rolled products through its sustained and dedicated efforts. Along with this, Star Wire (India) Limited offers bulletproof jackets tailored to meet the demands of defence and paramilitary forces. It also has a subsidiary called Starwire Engineering Limited which is equipped with precision machining infrastructure, critical welding capabilities, and assembly facilities. It serves sectors such as steam, gas, nuclear, IST, and hydro turbines, in addition to supplying aerial ammunition hardware.

Troops Comforts Limited: Troop Comforts Limited was established in 2021 as a wholly owned government defence public sector undertaking under the Ministry of Defence. The company specializes in manufacturing a wide range of clothing and accessories for the Indian Armed Forces, including ballistic protection gears, uniforms suitable for extreme climates, life cycle clothing, mountaineering equipment etc. Troop Comforts envisions to contribute to a self-reliant India in technical textiles and apparel.

Kalyani Strategic Systems Limited: Kalyani Strategic Systems Limited was established in 1966 as a wholly owned subsidiary of Bharat Forge Limited, designed to lead defence initiatives. With over five decades of expertise in design, engineering, metallurgy, and manufacturing, the Kalyani Group is an auto component exporter, with a durable global customer base. Leveraging its metallurgical and engineering strengths, Kalyani is in artillery and export market with products like artillery systems, protected vehicles, armoured upgrades, ammunition, air defence solutions, small arms, and defence electronics.

Adani Defence Systems and Technologies Limited: Adani Defence Systems and Technologies Limited is a subsidiary of Adani Enterprises Limited. It deals in products such as unmanned systems, counter drone systems, small arms and accessories, ammunition, missiles, and aircraft service and MRO. It focuses on critical technologies and platforms along with an approach beyond assembly, testing, and integration ("**ATI**"), it is also involved in sub-systems and component-level manufacturing.

Munitions India Limited: Munitions India Limited is a wholly owned government company operating under the Department of Defence Production in the Ministry of Defence. It specializes in manufacturing a wide range of products, including small and large arms ammunition, explosives, detonators, primers, projectiles, propellants, specialized chemicals, mines, grenades, charges, and bombs.

Premier Explosives Limited: Premier Explosives Limited was established in 1980 and focuses on manufacturing explosives and detonators using indigenous technology. The company offers an extensive range of products and technologies, including emulsion and slurry explosives, LD cartridge explosives, bulk explosives, cast boosters, detonating fuses, and various types of detonators, including electric and non-electric options.

Hindustan Aeronautics Limited: Hindustan Aeronautics Limited was formed in 1964, through an amalgamation of Hindustan Aircraft Limited and Aeronautics India Limited. The company specializes in the design, development, manufacture, repair, and overhaul of aircraft, helicopters, engines, and related systems, including avionics and accessories. It is committed to innovation and excellence, offering a diverse range of products and services catering to both military and civilian aviation needs.

Bharat Electronics Limited: Bharat Electronics Limited established in 1954 under the Ministry of Defence meets the specialized electronic needs of the Indian armed forces. It provides advanced products and systems across various sectors, including radars, missile systems, and electronic warfare. It also excels in the non-defence arena with its tamper-proof electronic voting machines, enhancing electoral transparency in India.

Solar Industries Limited: Solar Industries Limited, established in 1995, specializes in the production of a comprehensive range of industrial explosives and explosive initiation devices. The company manufactures different types of packaged emulsion explosives, bulk explosives, and initiation systems. Additionally, it has expanded its operations to include the production of ammunition for military applications.

Data Patterns (India) Limited: Data Patterns was established in 1985 as a vertically integrated provider of defence and aerospace electronics solutions, focusing on the indigenously developed defence products industry. The company specializes in high-reliability electronics for various applications, including radar systems, electronic warfare, rugged displays, fire control systems, and launch vehicle check-outs. It has an extensive product range encompassing advanced technologies supported by in-house software development for seamless integration and functionality.

MTAR Technologies Limited: MTAR Technologies, established in 1970, is an Indian company specializing in precision engineering. It manufactures mission-critical precision components and critical assemblies for projects of high national importance. It addresses engineering needs from design to manufacturing and integration. The company also operates an export-oriented unit that serves leading multinational clients in the fuel cell, oil, energy, and aerospace sectors.

Astra Microwave Products Limited: Astra Microwave Products Limited, incorporated in 1991, began with designing and manufacturing microwave products like filters, transmitters, and antennas. The company advanced into producing space-borne hardware for Indian satellites. It further expanded its production into other critical sectors with a wide range of solutions in microwave and millimetre-wave technologies for defence, homeland security, space, and telecommunications.

Bharat Dynamics Limited: Bharat Dynamics Limited was incorporated in 1970 as a public sector undertaking under the Ministry of Defence, India. It was established as the manufacturing hub for guided missile systems and allied equipment for the Indian Armed Forces. Today, it produces guided missiles, underwater weapons, airborne products, and other defence equipment while also providing product life cycle support, including refurbishment and life extension for vintage missiles, ensuring the readiness of defence assets.

Operational Benchmarking

Revenue from sale of products (domestic)

Revenue from sale of products (domestic, INR Million)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	4,075.06	2,139.64	2,794.03
MKU Limited (MKUL)	NA	4,825.11	2,275.05
TATA Advance Systems Limited	NA	20,224.50	21,166.00
Star Wire (India) Limited	NA	4,486.01	4,060.51
Troops Comforts Limited	NA	9,950.99	5,750.39
Kalyani Strategic Systems Limited	NA	22.44	56.08
Adani Defence Systems and Technologies Limited	NA	NA	NA
Munitions India Limited	NA	45,572.90	25,490.00
Premier Explosives Limited	2,019.29	1,685.84	1,719.26
Hindustan Aeronautics Limited	2,78,512.60	2,60,668.50	2,41,935.10
Bharat Electronics Limited	1,91,130.80	1,69,654.50	1,48,487.50
Solar Industries India Limited	31,893.90	38,418.60	38,757.90
Data Patterns (India) Limited	4,875.70	3,810.70	2,731.00
Mtar Technologies Limited	1,607.08	1,123.96	1,177.44
Astra Microwave Products Limited	8,677.02	7,426.49	5,041.87
Bharat Dynamics Limited	21,892.01	23,716.18	37,496.12

Revenue from sale of products (exports)

Revenue from sale of products (exports, INR Million)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	1,085.65	1,367.32	889.10
MKU Limited (MKUL)	NA	NA	NA
TATA Advance Systems Limited	NA	13,967.80	8,120.60
Star Wire (India) Limited	NA	4,823.72	3,893.41
Troops Comforts Limited	NA	NA	NA
Kalyani Strategic Systems Limited	NA	293.28	0.00
Adani Defence Systems and Technologies Limited	NA	NA	NA
Munitions India Limited	NA	455.40	225.50
Premier Explosives Limited	697.88	334.46	272.01
Hindustan Aeronautics Limited	3,105.90	2,937.10	1,38,428.30
Bharat Electronics Limited	7,924.10	4,387.20	2,359.90
Solar Industries India Limited	27,196.30	29,285.60	29,285.60
Data Patterns (India) Limited	322.30	723.80	377.50
Mtar Technologies Limited	4,118.90	4,506.28	1,981.84
Astra Microwave Products Limited	411.19	711.54	2,443.62
Bharat Dynamics Limited	1,613.76	974.11	29.84

Revenue from operations (protection products, ₹ Million)

Revenue from operations (protection products, INR Million)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	4,590.73	3,238.98	3,330.91
MKU Limited (MKUL)	NA	NA	NA
TATA Advance Systems Limited	NA	NA	NA
Star Wire (India) Limited	NA	NA	NA
Troops Comforts Limited	NA	NA	NA
Kalyani Strategic Systems Limited	NA	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA	NA
Munitions India Limited	NA	NA	NA
Premier Explosives Limited	NA	NA	NA
Hindustan Aeronautics Limited	NA	NA	NA
Bharat Electronics Limited	NA	NA	NA
Solar Industries India Limited	NA	NA	NA
Data Patterns (India) Limited	NA	NA	NA
Mtar Technologies Limited	NA	NA	NA
Astra Microwave Products Limited	NA	NA	NA
Bharat Dynamics Limited	NA	NA	NA

Revenue from operations (ammunition components, ₹ Million)

Revenue from operations (ammunition components, INR Million)			
Players	**Years**		
	FY24	**FY23**	**FY22**
SMPP Limited	570.03	269.30	357.97
MKU Limited (MKUL)	NA	NA	NA
TATA Advance Systems Limited	NA	NA	NA
Star Wire (India) Limited	NA	NA	NA
Troops Comforts Limited	NA	NA	NA
Kalyani Strategic Systems Limited	NA	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA	NA
Munitions India Limited	NA	NA	NA
Premier Explosives Limited	2,717.17	2,020.30	1,991.28
Hindustan Aeronautics Limited	NA	NA	NA
Bharat Electronics Limited	NA	NA	NA
Solar Industries India Limited	NA	NA	NA
Data Patterns (India) Limited	NA	NA	NA
Mtar Technologies Limited	NA	NA	NA
Astra Microwave Products Limited	NA	NA	NA
Bharat Dynamics Limited	NA	NA	NA

Quarterly Financial Benchmarking

Revenue from operations:

Revenue from operations (INR Million)		
Players	Years	
	FY25 Q1	FY24 Q1
SMPP Limited	1,457.67	525.42
MKU Limited (MKUL)	NA	NA
TATA Advance Systems Limited	NA	NA
Star Wire (India) Limited	NA	NA
Troops Comforts Limited	NA	NA
Kalyani Strategic Systems Limited	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA
Munitions India Limited	NA	NA
Premier Explosives Limited	828.58	619.51
Hindustan Aeronautics Limited	43,475.00	39,153.50
Bharat Electronics Limited	42,435.70	35,329.40
Solar Industries India Limited	16,947.80	16,822.10
Data Patterns (India) Limited	1,040.80	896.90
Mtar Technologies Limited	1,282.60	1,525.62
Astra Microwave Products Limited	1,551.78	1,337.29
Bharat Dynamics Limited	1,911.70	2,977.21

Revenue growth:

Revenue growth (%)		
Players	Years	
	FY25 Q1	FY24 Q1
SMPP Limited	177.43%	NA
MKU Limited (MKUL)	NA	NA
TATA Advance Systems Limited	NA	NA
Star Wire (India) Limited	NA	NA
Troops Comforts Limited	NA	NA
Kalyani Strategic Systems Limited	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA
Munitions India Limited	NA	NA
Premier Explosives Limited	33.75%	19.66%
Hindustan Aeronautics Limited	11.04%	8.09%
Bharat Electronics Limited	20.11%	14.44%
Solar Industries India Limited	0.75%	NA
Data Patterns (India) Limited	16.04%	31.16%
Mtar Technologies Limited	-15.93%	67.71%
Astra Microwave Products Limited	16.04%	-17.49%
Bharat Dynamics Limited	-35.79%	-56.63%

Earnings before interest, taxes, depreciation, and amortization ("EBITDA")
:

Earnings before interest, taxes, depreciation, and amortization (INR Million)		
Players	**Years**	
	FY25 Q1	**FY24 Q1**
SMPP Limited	567.35	108.23
MKU Limited (MKUL)	NA	NA
TATA Advance Systems Limited	NA	NA
Star Wire (India) Limited	NA	NA
Troops Comforts Limited	NA	NA
Kalyani Strategic Systems Limited	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA
Munitions India Limited	NA	NA
Premier Explosives Limited	155.01	166.53
Hindustan Aeronautics Limited	9,967.40	8,804.90
Bharat Electronics Limited	9,584.90	6,825.10
Solar Industries India Limited	4,514.50	3,230.20
Data Patterns (India) Limited	371.80	278.70
Mtar Technologies Limited	166.07	345.19
Astra Microwave Products Limited	258.84	29.34
Bharat Dynamics Limited	-523.22	-326.40

EBITDA margin (%):

EBITDA margin (%)		
Players	Years	
	FY25 Q1	FY24 Q1
SMPP Limited	38.92%	20.60%
MKU Limited (MKUL)	NA	NA
TATA Advance Systems Limited	NA	NA
Star Wire (India) Limited	NA	NA
Troops Comforts Limited	NA	NA
Kalyani Strategic Systems Limited	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA
Munitions India Limited	NA	NA
Premier Explosives Limited	18.71%	26.88%
Hindustan Aeronautics Limited	22.93%	22.49%
Bharat Electronics Limited	22.59%	19.32%
Solar Industries India Limited	26.64%	19.20%
Data Patterns (India) Limited	35.72%	31.07%
Mtar Technologies Limited	12.95%	22.63%
Astra Microwave Products Limited	16.68%	2.19%
Bharat Dynamics Limited	-27.37%	-10.96%

Profit after tax ("PAT"):

Profit after tax (INR Million)		
Players	Years	
	FY25 Q1	FY24 Q1
SMPP Limited	425.93	92.12
MKU Limited (MKUL)	NA	NA
TATA Advance Systems Limited	NA	NA
Star Wire (India) Limited	NA	NA
Troops Comforts Limited	NA	NA
Kalyani Strategic Systems Limited	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA
Munitions India Limited	NA	NA
Premier Explosives Limited	73.26	82.63
Hindustan Aeronautics Limited	14,371.40	8,140.90
Bharat Electronics Limited	7,912.80	5,386.00
Solar Industries India Limited	3,005.40	2,015.90
Data Patterns (India) Limited	327.90	258.30
Mtar Technologies Limited	44.28	203.36
Astra Microwave Products Limited	72.04	-67.36
Bharat Dynamics Limited	72.16	418.17

PAT margin (%):

PAT margin (%)		
Players	Years	
	FY25 Q1	FY24 Q1
SMPP Limited	29.22%	17.53%
MKU Limited (MKUL)	NA	NA
TATA Advance Systems Limited	NA	NA
Star Wire (India) Limited	NA	NA
Troops Comforts Limited	NA	NA
Kalyani Strategic Systems Limited	NA	NA
Adani Defence Systems and Technologies Limited	NA	NA
Munitions India Limited	NA	NA
Premier Explosives Limited	8.84%	13.34%
Hindustan Aeronautics Limited	33.06%	20.79%
Bharat Electronics Limited	18.65%	15.25%
Solar Industries India Limited	17.73%	11.98%
Data Patterns (India) Limited	31.50%	28.80%
Mtar Technologies Limited	3.45%	13.33%
Astra Microwave Products Limited	4.64%	-5.04%
Bharat Dynamics Limited	3.77%	14.05%

Notes:
(NA) Indicates information that is not available
**Majority of batching plants are owned and operated by 3rd party*
Source: Consolidated financial information for SMPP Limited have been derived from restated financial statements for the quarter ended June 30, 2024, June 30, 2023.
Premier Explosives Limited's consolidated financials have been derived from official BSE website for the quarter ended June 30, 2024, June 30, 2023.
Hindustan Aeronautics Limited's consolidated financials have been derived from official BSE website for the quarter ended June 30, 2024, June 30, 2023.
Bharat Electronics Limited's consolidated financials have been derived from official NSE website for the quarter ended June 30, 2024, June 30, 2023.
Solar Industries India Limited's consolidated financials have been derived from official NSE website for the quarter ended June 30, 2024, June 30, 2023.
Data Patterns (India) Limited's financials have been derived from official BSE website for the quarter ended June 30, 2024, June 30, 2023.
Mtar Technologies Limited's consolidated financials have been derived from official BSE website for the quarter ended June 30, 2024, June 30, 2023.
Astra Microwave Products Limited's consolidated financials have been derived from official BSE website for the quarter ended June 30, 2024, June 30, 2023.
Bharat Dynamics Limited's financials have been derived from official BSE website for the quarter ended June 30, 2024, June 30, 2023. Financials for quarter ended June 30, 2024, June 30, 2023 are standalone.
Revenue from Operations for the year/ period as appearing in the restated consolidated financial information.
Revenue growth (%) is calculated as a percentage of Revenue from Operations of the relevant year/ period minus Revenue from Operations of the preceding year/ period, divided by Revenue from Operations of the preceding year/ period.
EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses.
EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations
PAT means Restated profit for the year/ period as appearing in the restated consolidated financial information
PAT Margin (%) is calculated as Profit for the year/ period as a percentage of Revenue from Operations

Yearly Financial Benchmarking

Revenue from operations:

Revenue from operations (INR Million)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	5,160.77	3,508.28	3,688.88
MKU Limited (MKUL)	NA	4,825.11	2,275.05
TATA Advance Systems Limited	NA	34,691.40	30,077.70
Star Wire (India) Limited	NA	9,488.15	8,202.33
Troops Comforts Limited	NA	9,976.71	5,757.17
Kalyani Strategic Systems Limited	NA	318.20	56.08
Adani Defence Systems and Technologies Limited	103.41	157.80	NA
Munitions India Limited	NA	46,521.80	25,715.50
Premier Explosives Limited	2,717.17	2,020.30	1,991.28
Hindustan Aeronautics Limited	3,03,810.80	2,69,274.60	2,46,200.20
Bharat Electronics Limited	2,02,682.40	1,77,344.40	1,53,681.80
Solar Industries India Limited	60,695.20	69,225.30	39,476.10
Data Patterns (India) Limited	5,198.00	4,534.50	3,108.50
Mtar Technologies Limited	5,807.52	5,737.51	3,220.06
Astra Microwave Products Limited	9,088.20	8,155.16	7,504.63
Bharat Dynamics Limited	23,692.75	24,893.93	28,174.03

Revenue growth:

Revenue growth (%)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	47.10%	-4.90%	NA
MKU Limited (MKUL)	NA	112.09%	-35.59%
TATA Advance Systems Limited	NA	15.34%	78.31%
Star Wire (India) Limited	NA	15.68%	43.53%
Troops Comforts Limited	NA	73.29%	NA
Kalyani Strategic Systems Limited	NA	467.36%	12.02%
Adani Defence Systems and Technologies Limited	-34.47%	NA	NA
Munitions India Limited	NA	80.91%	NA
Premier Explosives Limited	34.49%	1.46%	29.61%
Hindustan Aeronautics Limited	12.83%	9.37%	7.59%
Bharat Electronics Limited	14.29%	15.40%	8.93%
Solar Industries India Limited	-12.32%	75.36%	56.92%
Data Patterns (India) Limited	14.63%	45.87%	38.80%
Mtar Technologies Limited	1.22%	78.18%	30.67%
Astra Microwave Products Limited	11.44%	8.67%	17.09%
Bharat Dynamics Limited	-4.83%	-11.64%	47.22%

Earnings before interest, taxes, depreciation, and amortization (EBITDA):

Earnings before interest, taxes, depreciation, and amortization (INR Million)			
Players	**Years**		
	FY24	**FY23**	**FY22**
SMPP Limited	1,828.63	1,144.40	1,167.56
MKU Limited (MKUL)	NA	1,007.25	344.55
TATA Advance Systems Limited	NA	3,792.20	3,993.20
Star Wire (India) Limited	NA	1,404.90	1,374.47
Troops Comforts Limited	NA	112.55	273.36
Kalyani Strategic Systems Limited	NA	-18.75	-16.98
Adani Defence Systems and Technologies Limited	-31.63	-133.27	NA
Munitions India Limited	NA	-275.10	709.10
Premier Explosives Limited	584.90	259.00	209.31
Hindustan Aeronautics Limited	97,675.60	66,820.20	54,083.30
Bharat Electronics Limited	50,885.40	41,317.70	33,866.40
Solar Industries India Limited	13,695.60	12,886.50	7,472.60
Data Patterns (India) Limited	2,216.20	1,718.20	1,410.40
Mtar Technologies Limited	1,127.02	1,539.74	944.26
Astra Microwave Products Limited	2,036.10	1,446.55	869.64
Bharat Dynamics Limited	5,365.50	4,081.96	6,924.81

EBITDA margin (%):

EBITDA margin (%)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	35.43%	32.62%	31.65%
MKU Limited (MKUL)	NA	20.88%	15.14%
TATA Advance Systems Limited	NA	10.93%	13.28%
Star Wire (India) Limited	NA	14.81%	16.76%
Troops Comforts Limited	NA	1.13%	4.75%
Kalyani Strategic Systems Limited	NA	-5.89%	-30.27%
Adani Defence Systems and Technologies Limited	-30.59%	-84.46%	NA
Munitions India Limited	NA	-0.59%	2.76%
Premier Explosives Limited	21.53%	12.82%	10.51%
Hindustan Aeronautics Limited	32.15%	24.81%	21.97%
Bharat Electronics Limited	25.11%	23.30%	22.04%
Solar Industries India Limited	22.56%	18.62%	18.93%
Data Patterns (India) Limited	42.64%	37.89%	45.37%
Mtar Technologies Limited	19.41%	26.84%	29.32%
Astra Microwave Products Limited	22.40%	17.74%	11.59%
Bharat Dynamics Limited	22.65%	16.40%	24.58%

Profit after tax (PAT):

Profit after tax (INR Million)			
Players	**Years**		
	FY24	**FY23**	**FY22**
SMPP Limited	1,465.26	926.08	877.35
MKU Limited (MKUL)	NA	678.38	200.05
TATA Advance Systems Limited	NA	589.00	805.30
Star Wire (India) Limited	NA	618.75	832.50
Troops Comforts Limited	NA	189.50	163.79
Kalyani Strategic Systems Limited	NA	142.66	-15.94
Adani Defence Systems and Technologies Limited	-370.67	-249.69	NA
Munitions India Limited	NA	733.50	216.90
Premier Explosives Limited	284.18	69.65	52.22
Hindustan Aeronautics Limited	76,209.50	58,277.30	50,798.80
Bharat Electronics Limited	39,852.40	29,862.40	24,002.20
Solar Industries India Limited	8,752.30	8,111.70	4,554.70
Data Patterns (India) Limited	1,816.90	1,24NA	939.70
Mtar Technologies Limited	561.13	1,034.19	608.74
Astra Microwave Products Limited	1,210.66	698.30	378.71
Bharat Dynamics Limited	6,127.21	3,521.75	4,999.24

PAT margin (%):

PAT margin (%)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	28.39%	26.40%	23.78%
MKU Limited (MKUL)	NA	14.06%	8.79%
TATA Advance Systems Limited	NA	1.70%	2.68%
Star Wire (India) Limited	NA	6.52%	10.15%
Troops Comforts Limited	NA	1.90%	2.84%
Kalyani Strategic Systems Limited	NA	44.83%	-28.42%
Adani Defence Systems and Technologies Limited	-358.45%	-158.24%	NA
Munitions India Limited	NA	1.58%	0.84%
Premier Explosives Limited	10.46%	3.45%	2.62%
Hindustan Aeronautics Limited	25.08%	21.64%	20.63%
Bharat Electronics Limited	19.66%	16.84%	15.62%
Solar Industries India Limited	14.42%	11.72%	11.54%
Data Patterns (India) Limited	34.95%	27.35%	30.23%
Mtar Technologies Limited	9.66%	18.03%	18.90%
Astra Microwave Products Limited	13.32%	8.56%	5.05%
Bharat Dynamics Limited	25.86%	14.15%	17.74%

Net debt:

Net debt (INR Million)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	-2,056.19	-2,832.89	-2,013.70
MKU Limited (MKUL)	NA	1,176.13	713.68
TATA Advance Systems Limited	NA	30,842.20	21,487.70
Star Wire (India) Limited	NA	5,419.23	4,628.00
Troops Comforts Limited	NA	-7,237.14	-3,979.72
Kalyani Strategic Systems Limited	NA	-5,059.39	70.88
Adani Defence Systems and Technologies Limited	2,827.24	2,372.57	NA
Munitions India Limited	NA	-32,499.80	-29,785.40
Premier Explosives Limited	322.50	760.03	731.04
Hindustan Aeronautics Limited	-2,64,316.10	-2,03,166.10	-1,43,477.20
Bharat Electronics Limited	-1,10,565.90	-81,115.80	-75,637.40
Solar Industries India Limited	8,177.10	9,091.40	7,673.60
Data Patterns (India) Limited	-3,926.90	-5,470.60	-1,703.10
Mtar Technologies Limited	1,400.81	1,121.30	289.69
Astra Microwave Products Limited	1,067.33	745.96	-70.82
Bharat Dynamics Limited	-42,284.82	-38,588.64	-18,995.34

Net Debt to EBITDA margin (in times):

Net Debt to EBITDA margin (in times)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	-1.12	-2.48	-1.72
MKU Limited (MKUL)	NA	1.17	2.07
TATA Advance Systems Limited	NA	8.13	5.38
Star Wire (India) Limited	NA	3.86	3.37
Troops Comforts Limited	NA	-64.30	-14.56
Kalyani Strategic Systems Limited	NA	269.82	-4.18
Adani Defence Systems and Technologies Limited	-89.39	-17.80	NA
Munitions India Limited	NA	118.14	-42.00
Premier Explosives Limited	0.55	2.93	3.49
Hindustan Aeronautics Limited	-2.71	-3.04	-2.65
Bharat Electronics Limited	-2.17	-1.96	-2.23
Solar Industries India Limited	0.60	0.71	1.03
Data Patterns (India) Limited	-1.77	-3.18	-1.21
Mtar Technologies Limited	1.24	0.73	0.31
Astra Microwave Products Limited	0.52	0.52	-0.08
Bharat Dynamics Limited	-7.88	-9.45	-2.74

Return on equity:

Return on equity (%)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	31.26%	28.80%	38.32%
MKU Limited (MKUL)	NA	21.08%	7.93%
TATA Advance Systems Limited	NA	2.23%	3.12%
Star Wire (India) Limited	NA	19.23%	33.00%
Troops Comforts Limited	NA	0.39%	0.36%
Kalyani Strategic Systems Limited	NA	18.27%	-4.08%
Adani Defence Systems and Technologies Limited	-6.88%	-5.31%	NA
Munitions India Limited	NA	0.98%	0.34%
Premier Explosives Limited	12.83%	3.55%	2.74%
Hindustan Aeronautics Limited	26.15%	24.72%	26.30%
Bharat Electronics Limited	24.38%	21.52%	19.51%
Solar Industries India Limited	25.54%	29.49%	22.60%
Data Patterns (India) Limited	13.72%	10.62%	16.36%
Mtar Technologies Limited	8.30%	16.68%	11.71%
Astra Microwave Products Limited	12.53%	10.87%	6.47%
Bharat Dynamics Limited	16.85%	10.97%	16.50%

Return on capital employed:

Return on capital employed (%)			
Players	Years		
	FY24	FY23	FY22
SMPP Limited	42.16%	38.91%	51.45%
MKU Limited (MKUL)	NA	30.56%	12.92%
TATA Advance Systems Limited	NA	6.10%	6.37%
Star Wire (India) Limited	NA	14.15%	17.53%
Troops Comforts Limited	NA	0.71%	0.50%
Kalyani Strategic Systems Limited	NA	2.86%	-3.80%
Adani Defence Systems and Technologies Limited	0.48%	-0.88%	NA
Munitions India Limited	NA	0.98%	0.33%
Premier Explosives Limited	19.83%	8.53%	6.84%
Hindustan Aeronautics Limited	24.56%	18.05%	15.83%
Bharat Electronics Limited	30.13%	26.38%	22.13%
Solar Industries India Limited	3NA	35.02%	25.23%
Data Patterns (India) Limited	18.75%	13.19%	22.94%
Mtar Technologies Limited	11.92%	21.45%	15.80%
Astra Microwave Products Limited	18.30%	17.56%	11.27%
Bharat Dynamics Limited	11.33%	7.52%	17.91%

Cash conversion cycle:

Cash conversion cycle (days)			
Players	**Years**		
	FY24	**FY23**	**FY22**
SMPP Limited	131	16	NA
MKU Limited (MKUL)	NA	203	380
TATA Advance Systems Limited	NA	49	27
Star Wire (India) Limited	NA	544	448
Troops Comforts Limited	NA	118	NA
Kalyani Strategic Systems Limited	NA	49	NA
Adani Defence Systems and Technologies Limited	3,621	NA	NA
Munitions India Limited	NA	628	NA
Premier Explosives Limited	309	282	176
Hindustan Aeronautics Limited	367	439	555
Bharat Electronics Limited	248	235	231
Solar Industries India Limited	102	72	78
Data Patterns (India) Limited	678	479	477
Mtar Technologies Limited	366	272	405
Astra Microwave Products Limited	427	369	342
Bharat Dynamics Limited	555	413	312

Net fixed assets turnover ratio:

Net fixed assets turnover ratio (in times)			
Players	**Years**		
	FY24	**FY23**	**FY22**
SMPP Limited	21.82	14.60	13.58
MKU Limited (MKUL)	NA	8.69	4.09
TATA Advance Systems Limited	NA	2.01	1.87
Star Wire (India) Limited	NA	1.69	1.61
Troops Comforts Limited	NA	0.23	0.01
Kalyani Strategic Systems Limited	NA	1.47	0.43
Adani Defence Systems and Technologies Limited	0.11	0.66	NA
Munitions India Limited	NA	1.41	0.89
Premier Explosives Limited	1.41	1.11	1.16
Hindustan Aeronautics Limited	5.26	4.64	4.15
Bharat Electronics Limited	7.27	6.58	6.12
Solar Industries India Limited	3.16	4.29	2.79
Data Patterns (India) Limited	4.31	4.97	7.04
Mtar Technologies Limited	1.71	1.98	1.65
Astra Microwave Products Limited	5.43	4.91	4.73
Bharat Dynamics Limited	3.52	3.85	4.00

Notes:
(NA) Indicates information that is not available
**Majority of batching plants are owned and operated by 3rd party*
Source: Consolidated financial information for SMPP Limited have been derived from restated financial statements for the financial years ended March 31, 2024, March 31, 2023, and March 31, 2022. RDC
Consolidated financial information for MKU Limited have been derived from MCA for the financial years ended March 31, 2023, and March 31, 2022.
Consolidated financial information for TATA Advance Systems Limited have been derived from MCA for the financial years ended March 31, 2023, and March 31, 2022.
Star Wire (India) Limited's financials have been taken from MCA document for the financial year ended March 31, 2023, and March 31, 2022. Financials for year ended March 31, 2023, and March 31, 2022 are standalone
Troops Comforts Limited financials have been derived from official company website for the financial year ended March 31, 2023, and March 31, 2022.
Kalyani Strategic Systems Limited's financials have been taken from MCA document for the financial year ended March 31, 2023, and March 31, 2022. Financials for year ended March 31, 2023, and March 31, 2022 are standalone.
Adani Defence Systems and Technologies Limited financials have been derived from official company website for the financial year ended March 31, 2024, and March 31, 2023.
Munitions India Limitedfinancials have been taken from MCA document for the financial year ended March 31, 2023, and March 31, 2022. Financials for year ended March 31, 2023, and March 31, 2022 are standalone.
Premier Explosives Limited's consolidated financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.
Hindustan Aeronautics Limited's consolidated financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.
Bharat Electronics Limited's consolidated financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.

Solar Industries India Limited's consolidated financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.
Data Patterns (India) Limited's financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.
Mtar Technologies Limited's consolidated financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.
Astra Microwave Products Limited's consolidated financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.
Bharat Dynamics Limited's financials have been derived from official company website for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022. Financials for year ended March 31, 2024, March 31, 2023, and March 31, 2022 are standalone.
Revenue from Operations for the year/ period as appearing in the respective financial statements of these companies.
Revenue growth (%) is calculated as a percentage of Revenue from Operations of the relevant year/ period minus Revenue from Operations of the preceding year/ period, divided by Revenue from Operations of the preceding year/ period.
EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses.
EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations
PAT means profit for the year/ period as appearing in the respective financial statements of these companies.
PAT Margin (%) is calculated as Profit for the year/ period as a percentage of Revenue from Operations
Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.
Net Debt to EBITDA is calculated as Net Debt divided by EBITDA. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.
Return on Equity is calculated as profit for the year/ period divided by total equity.
Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total current asstes minus current liabilities. EBIT is calculated as profit before tax plus total finance costs.
Cash Conversion Cycle (Days)
For Fiscal 2024 and 2023, cash conversion cycle is calculated as Inventory days plus Trade receivable days minus Trade payable days. Inventory days is calculated as Average Inventory divided by Cost of Goods Sold ('COGS') multiplied by 365 days.
Trade receivable days is calculated as Average Trade receivables divided by revenue from operations multiplied by 365 days.
Trade payable days is calculated as Trade payable divided by COGS multiplied by 365 days.
Cost of Goods Sold ('COGS') which is a sum of the cost of raw materials and components consumed, (increase)/decrease in inventories of finished goods, work-in-progress, scrap, purchase of traded goods and cost of services
Net Fixed Assets Turnover Ratio is calculated as revenue from operations for the year/ period divided by net cost of property, plant and equipment.

OUR BUSINESS

*Some of the information in this section, including information with respect to our business plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read "**Forward-Looking Statements**" on page 18 for a discussion of the risks and uncertainties related to those statements and "**Risk Factors**", "**Restated Consolidated Financial Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 32, 275 and 346, respectively, for a discussion of certain factors that may affect our business, financial condition, results of operations or cash flows. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*Our Company's financial year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular fiscal year are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Consolidated Financial Information included in this Draft Red Herring Prospectus. For further information, see "**Restated Consolidated Financial Information**" on page 275. Also see, "**Definitions and Abbreviations**" on page 1 for certain terms used in this section. Unless otherwise stated or the context otherwise requires, references in this section to "we", "us", or "our" are to SMPP Limited on a consolidated basis while "our Company" or "the Company" are to SMPP Limited on a standalone basis.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Defence Industry Report" dated October 18, 2024 (the "**1Lattice Report**") prepared and issued by Lattice Technologies Private Limited, appointed by us pursuant to an engagement letter dated August 8, 2024 and exclusively commissioned and paid for by us to enable investors to understand the industry in which we operate in connection with the Offer. The data included herein includes excerpts from the 1Lattice Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, financial, operational, industry and other related information derived from the 1Lattice Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal. A copy of the 1Lattice Report is available on the website of our Company at https://smgroupindia.com/investors/industry-report/. For further information, see "**Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from the industry report titled "Defence Industry Report" which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.**" on page 55. Also see, "**Certain Conventions, Currency of Presentation, Use of Financial Information and Market Data –Industry and Market Data**" on page 16.*

Overview

We are an Indian designer and manufacturer of defence equipment including ammunition components, personal protection products and protection kits for land, air and sea platforms. We have developed a portfolio of mission-critical products of national importance that cater to the safety and survivability equipment requirements of the armed forces, police, paramilitary and other security forces. Our ammunition component offerings currently comprise combustible cartridge cases, which we have been manufacturing for tank and artillery ammunition since 1992. Our protection products consist of personal protection products including bullet resistant jackets, armor plates, ballistic helmets and shields customized for armed forces, police, paramilitary and other security forces, and platform protection kits which are designed to provide protection for vehicles, patrol boats, aircrafts and helicopters in combat situations including counter insurgency and anti-terror operations. Our products are designed to provide critical protection to allow users to safely and securely perform their duties and protect those around them in life-threatening situations. We aim to develop products incorporating advanced technology, innovative materials and processes in order to provide enhanced protection, reduce weight and optimize ergonomics for the end user.

We commenced our operations in 1985 as a manufacturer of biodegradable packaging using a vacuum moulding process with recycled materials such as cardboards, newspapers and books and subsequently extended the application of this process for manufacturing combustible cartridge cases using in-house developed moulds and machines. We have an established track record of supplying defence products to the Indian armed forces with an experience in handling military grade explosives for over three decades. Our achievements include pioneering the development of combustible cartridge cases in 1992 in response to a global tender floated by the Defence Research and Development Organisation ("**DRDO**"); being the first Indian company to secure a patent for a protective band specifically designed to improve the defence capabilities of bullet-resistant helmets against hard steel core bullets fired from AK47 rifle *(Source: 1Lattice Report)*; and being among the few armour manufacturing companies in

India to manufacture bullet resistant boron carbide plates. *(Source: 1Lattice Report)* Boron carbide is one of the hardest and light weight materials and its products are especially suitable for light armor solutions. *(Source: 1Lattice Report)* We are the market leader in India of personal ballistic protection products made of composites, in terms of value of domestic government orders awarded in Fiscal 2024. *(Source: 1Lattice Report)* We have been exporting our personal protection products since 2008 and have supplied our products to customers across 23 countries in Europe and Asia between April 1, 2021 and June 30, 2024.

Bullet Resistant Jackets

Bullet Resistant Helmets

Bullet Resistant Hard Armor Plates

Bullet Resistant Shields

Combustible Cartridge Cases

We rely on our in-house capabilities to manufacture bullet resistant boron carbide plates to enable us to execute orders within timelines, meet the 50% indigenous content requirements to be eligible to supply products for Government orders under certain schemes and improve our margins since boron carbide is a critical and costly raw material utilized by us in the manufacture of bullet resistant products. For example, we were awarded an order in 2018 by the Ministry of Defence, Government of India for the supply of 186,138 bullet resistant jackets of Level III and III+ protection, which we supplied before the scheduled delivery date. We have provided armor kits for several air platforms and were accorded approval in 2022 for composite armour panel and similar armour and ceramic composite armour panel for a light combat helicopter ("**LCH**") and light utility helicopter ("**LUH**") by an Indian helicopter manufacturer and have also supplied armor kits to international helicopter manufacturers.

We manufacture our products at our manufacturing facility at Palwal, Haryana, India ("**Palwal Manufacturing Facility**"). As of June 30, 2024, our annual installed manufacturing capacity was 408,000 protection products and 120,000 ammunition components. Our manufacturing operations comply with international standards for certain products such as ISO 9001:2015 (quality management system), AQAP 2110:2016 (management system), ISO 14001:2015 (environmental management system), ISO 45001:2018 (occupational health and safety management system) AS9100D:2016 (aerospace quality management system – requirements for aviation, space and defence organisations) and BA 9000:2016 (quality management system for various products). As part of our proposed forward integration initiatives, we are currently in the process of establishing a manufacturing facility in Himachal Pradesh, India where we plan to manufacture medium and large caliber (155 mm) ammunition for the armed forces ("**Planned Ammunition Manufacturing Facility**"). Our Subsidiary, SMPP Ammunition Private Limited has entered into two plant establishment agreements, each dated October 10, 2024, with Rheinmetall Waffe Munitions South Africa (Pty) Ltd., South Africa ("**RWMSA**") for design, installation and commissioning of manufacturing and testing facilities at the Planned Ammunition Manufacturing Facility. For details, see "***Objects of the Offer - Details of the Objects of the Fresh Issue - Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility ("Ammunition Project") through investment in SMPP Ammunition Private Limited, our Subsidiary***" on page 105.

Our focus on research and development ("**R&D**") has helped us develop an extensive range of personal protection products and armor kits. We focus on innovation and customer requirements, considering factors such as threat perception, terrain adaptability and user comfort. As of the date of this Draft Red Herring Prospectus, we have four patents granted in India and one patent granted in the United States of America and we have applied for four patents in India and one patent each in Thailand and Philippines which are pending approval. Our investment in R&D contributed to our development of user-centric personal protection products, such as bullet resistant jackets with dynamic load distribution systems and advanced helmet protection solutions and enabled us to continually evolve our product offerings based on customer needs and industry trends.

We have received several awards including a National Award for Indigenisation in 1996-1997 by the Department of Defence Production and Supplies, Ministry of Defence, Government of India for excellence in indigenisation of defence equipment. We pioneered the development of combustible cartridge cases in response to a global tender floated by the DRDO and developed and manufactured such products for Tank T-72 and main battle tank Arjun used by the Indian armed forces resulting in substantial savings in foreign exchange for the Government. We received the Defence Technology Absorption Award for the year 2016 in 2018 from the DRDO for making outstanding contributions as development partners and principal design, development and fabrication partners in reaction bonded boron carbide front hard armor panels with our innovative technologies and integral contributions for the successful indigenous solution for bullet resistant jackets for the Indian armed forces. We were also awarded the SIDM Champions Award 2020 by the Society of Indian Defence Manufacturers for technology and product innovation to address defence capability gaps.

Our Promoter, Dr. Shiv Chand Kansal has 33 years of experience in the defence manufacturing industry with our Company and holds a master's degree in chemical engineering and doctor of philosophy from the Indian Institute of Technology, Bombay, while our Promoter, Dr. Madhu Kansal has 33 years of experience in the defence manufacturing industry with our Company and holds a master's degree in science (zoology) and doctorate of philosophy from Panjab University. Our Promoter, Ashish Kansal, has over 20 years of experience in the defence manufacturing industry with our Company and has a bachelor's degree in textile technology from the Indian Institute of Technology, Delhi and a master's degree in science from the Georgia Institute of Technology. Our management team has extensive experience in the defence manufacturing industry.

The defence manufacturing industry in India presents high entry barriers for new players due to significant capital investments needed to establish manufacturing facilities, the need to customize products for the environment of use requirement of specific licenses like Defense Industrial License under IDR Act 1951 and specific certifications like BIS certification and contiguous land parcels for the manufacture of ammunition and explosives in compliance with regulations and lengthy customer approval cycle. *(Source: 1Lattice Report)* In addition, to set up facilities in compliance with applicable laws, licensing and certification requirements for products and need to comply with other legal requirements including using minimum 50% indigenous content to be eligible to supply products to the Ministry of Defence, Government of India pursuant to certain schemes further increase the entry barriers. *(Source: 1Lattice Report)* We aim to capitalise on the growth opportunities in the defence manufacturing industry by leveraging our existing Palwal Manufacturing Facility and Planned Ammunition Manufacturing Facility, our existing manufacturing licenses, our customer relationships and established track record of successfully supplying products to the armed forces, police, paramilitary and other security forces.

We have established a track record of consistent revenue growth and profitability. The table below sets forth certain financial information for the years/ periods indicated:

Particulars	**As of/ for the three months ended June 30,**		**As of/ For the year ended March 31,**			**CAGR (from Fiscal 2022 to Fiscal 2024)**
	2024	**2023**	**2024**	**2023**	**2022**	
Revenue from operations (₹ million)	1,457.67	525.42	5,160.77	3,508.28	3,688.88	18.28%
EBITDA (₹ million)[(1)]	567.35	108.23	1,828.63	1,144.40	1,167.56	27.76%
EBITDA Margin (%) [(2)]	38.92%	20.60%	35.43%	32.62%	31.65%	-
Restated profit for the year/period (₹ million)	425.93	92.12	1,465.26	926.08	877.35	29.23%
PAT Margin (%)[(3)]	29.22%	17.53%	28.39%	26.40%	23.78%	-
Return on Equity (“ROE”) (%)[(4)]	8.33%	2.78%	31.26%	28.80%	38.32%	-
Return on Capital Employed (“ROCE”) (%)[(5)]	10.96%	3.77%	42.15%	38.91%	51.45%	-

Notes:

1. *EBITDA is calculated as restated profit for the year/ period minus other income plus finance cost, depreciation and amortisation expense and total tax expenses.*
2. *EBITDA Margin (%) is calculated as EBITDA divided by revenue from operations.*
3. *PAT Margin (%) is calculated as restated profit for the year/ period as a percentage of revenue from operations.*
4. *Return on Equity is calculated as a percentage of restated profit for the year/ period divided by total equity. The numbers for the three months ended June 30, 2024 and 2023 have not been annualized.*
5. *Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total asset minus total current liabilities. EBIT is calculated as restated profit for the year/ period plus total tax expense and finance cost. The numbers for the three months ended June 30, 2024 and 2023 have not been annualized.*

Our Strengths

Indigenous designer and manufacturer of defence equipment manufacturing mission-critical products of national importance

We are an indigenous designer and manufacturer of defence equipment including ammunition components, personal protection products and protection kits for land, air and sea platforms. We commenced our operations in 1985 as a manufacturer of biodegradable packaging using a vacuum moulding process with recycled materials such as cardboards, newspapers and books and subsequently extended the application of this process for manufacturing combustible cartridge cases using in-house developed moulds and machines in 1992. In 2008, we set up manufacturing facility for personal protection products at Palwal Manufacturing Facility and we made our first resistant boron carbide plate in 2008. In 2014, we received an order to manufacture panels for armoring aircrafts from a global aircraft manufacturer and we received an order from the Ministry of Defence, Government of India in 2018 and supplied 186,138 bullet resistant jackets of Level III and III+ protection before the scheduled delivery date. As part of our proposed forward integration initiatives, we are currently in the process of establishing the Planned Ammunition Manufacturing Facility in Himachal Pradesh, India and plan to manufacture medium and large caliber ammunition for the armed forces.

Our differentiated value proposition is built on supplying products with a focus on critical safety standards with the objective of being perceived as a trusted brand name in the defence sector. We conduct our business with the mission to protect those who protect us and a vision to lead the way in equipping armed forces with advanced technological solutions. Our products are designed to provide critical protection to allow users to safely and securely perform their duties and protect those around them in life-threatening situations. Over the years, we have received several awards including a national award for indigenisation in 1996-1997 by the Department of Defence Production and Supplies, Ministry of Defence, Government of India, for excellence in indigenisation of defence equipment. We pioneered the development of combustible cartridge cases and successfully developed and manufactured such products for Tank T-72 and main battle tank Arjun used by the Indian armed forces resulting in substantial savings in foreign exchange for the Government. We received the Defence Technology Absorption Award for the year 2016 from the DRDO and were also awarded the SIDM Champions Award 2020 by the Society of Indian Defence Manufacturers for technology and product innovation to address defence capability gaps.

We have an established track record of servicing the defence sector and supplying differentiated products for over three decades:

- we are among the few armour manufacturing companies in India to manufacture bullet resistant boron carbide plates *(Source: 1Lattice Report)*

- we executed an order received in 2018 from the Ministry of Defence, Government of India for the supply of 186,138 bullet resistant jackets of Level III and III+ protection and an order received in 2023 for 1,612 bullet resistant shields of BIS Level 6;

- we were the first Indian company to secure a patent for a protective band specifically designed to improve the defence capabilities of bullet-resistant helmets against hard steel core bullets fired from AK47 rifle *(Source: 1Lattice Report)* and have obtained a patent for this product in India and the United States;

- we were the first Indian company to receive the BIS certification as per BIS 17051:2018 standards for bullet resistant jackets and the only Indian company to have three body armor certifications – BIS 17051:2018 (bullet resistant jackets), BA 9000:2016 (quality management system for various products) and NIJ compliance (certain of our models have been approved as per NIJ 0101.06 (ballistic-resistant body armour) and have been listed on the Compliant Product List of National Institute of Justice, USA) *(Source: 1Lattice Report)*;

- we were accorded technical approval in 2022 for composite armour panels and similar armour and ceramic armor panels for the LCH and LUH by a Indian helicopter manufacturer;

- we are a supplier of boron carbide ceramic kits and high performance polyethylene ("**HPPE**") panels for aircraft armoring to one of the global aircraft manufacturers and NIJ Level III kits for mine protected vehicles to a Indian military motor vehicle manufacturer; and

- we manufactured monolithic ceramic plates that can stop six 7.62 x 54 B32 API (armor piercing incendiary) bullets in 2022, certified by the Terminal Ballistics Research Laboratory and the National Forensic Sciences University.

According to the 1Lattice Report, given the ongoing geopolitical tensions along its borders, India must strengthen its indigenous defence manufacturing capacities and reduce reliance on foreign imports, particularly in the event of prolonged conflicts. The Government has implemented significant reforms in the defence sector, with a strong commitment to minimizing foreign dependence and building a robust domestic defence manufacturing base. The Government has introduced numerous policies under the 'Make in India' initiative and the 'Atmanirbhar' vision, introducing reforms to promote the indigenous design, development and manufacturing of defence equipment in the country, thereby reducing reliance on defence imports. The Ministry of Defence has introduced the SRIJAN portal to drive indigenization within the defence sector and over 30,000 previously imported items have been listed on the portal, inviting Indian manufacturers to participate in their production. The Ministry of Defence has set a target of achieving 70% self-reliance in weaponry by 2027, opening up substantial opportunities for industry stakeholders. Further, in July 2024, the Department of Defence Production, Ministry of Defence notified the fifth Positive Indigenisation List consisting of several items that will now only be procured from Indian manufacturers. The bullet resistant jackets and helmets that we currently manufacture are on such indigenisation lists and were prohibited from being imported since December 2020. The 155 mm ammunition and bi-modular charge systems that we intend to manufacture at our Planned Ammunition Manufacturing Facility are prohibited from being imported since December 2022 and December 2024, respectively, thus providing an impetus to our business. *(Source: 1Lattice Report)*

The defence manufacturing industry in India presents high entry barriers for new players due to significant capital investments needed to establish manufacturing facilities, the need to customize products for the environment of use, requirement of specific licenses like Defense Industrial License under IDR Act 1951 & Arms Act and contiguous parcels of land to set up facilities so that safety distances mandated by the Explosive Rules, 2008 for factories licensed for the manufacture and storage of explosives can be adhered to and lengthy customer approval cycles. *(Source: 1Lattice Report)* In addition, to set up facilities in compliance with applicable laws, licensing and certification requirements for products and need to comply with other legal requirements including using minimum 50% indigenous content to be eligible to supply products to the Ministry of Defence, Government of India pursuant to certain schemes further increase the entry barriers. *(Source: 1Lattice Report)* Our track record of innovation and adherence to quality standards, our Palwal Manufacturing Facility and Planned Ammunition Manufacturing Facility, our existing manufacturing licenses, our customer relationships and track record of supplying products to the armed forces in India position us to capitalize on the growth in the defence manufacturing industry.

In-house manufacturing of bullet resistant boron carbide plates

We are among the few armour manufacturing companies in India to manufacture bullet resistant boron carbide plates *(Source: 1Lattice Report)* Boron carbide, commonly referred to as black diamond, is one of the hardest materials after diamond and cubic boron nitride. Its unique combination of properties makes it ideal for various high-performance applications. Boron carbide is a strong covalent compound, so it has the characteristics of low density, exceptional strength, high-temperature stability, and excellent chemical resistance, making it particularly well-suited for light armor solutions. *(Source: 1Lattice Report)*

We have adopted a proprietary method of producing boron carbide ceramics with a nominal density of 2.58 g/cc. This enables us to manufacture single monolithic ceramic plate used in our bullet resistant jackets and other products that make them light in weight and unlike pure boron carbide, enables protection from multiple rounds and types of bullets including armor piercing bullets. From the powder stage to the final ceramic plate, we seek to ensure that our products meet international quality standards, both in terms of manufacturing processes as well as the actual and stated performance. We also utilize furnaces with sizeable hot zones, which have been customised to ensure an even temperature spread, allowing us to manufacture products in larger batch sizes with uniform production. We offer flexibility in the shape of products including flat, curved, multi-curved and circular multi-curved ceramics for use across multiple applications. In addition, we have developed techniques to make holes and threads in ceramic plates, which are beneficial while making kits for platform armoring. For example, the kits that we manufacture for armoring certain aircrafts and pilot seats utilize such multi-curved plates and built-in holes. As a result of the manufacturing processes we employ, we are able to manufacture customized plates of different shapes and sizes to cater to different end user requirements.

Our ability to manufacture bullet resistant boron carbide plates in-house has enabled us manufacture customised products, execute orders within timelines, reduce our overall manufacturing costs, improve our margins and reduce dependence on foreign suppliers of such plates. In October 2020, the Ministry of Defence announced the Defence Acquisition Procedure to boost indigenous production and position India as a global manufacturing hub of weapons and military platforms. This procedure has been aligned with the vision of the Government's 'Atmanirbhar Bharat' initiative and to empower Indian defence industry through 'Make in India' projects. It focuses on simplifying the defence acquisition procedure and having a monitoring mechanism for selection of best equipment in a transparent and competitive manner. This policy provides a significant boost to indigenous manufacturing companies such as ours and sets forth certain criteria which require products to have a minimum of 50% indigenous content on cost basis of the base contract price i.e. total contract price less taxes and duties. *(Source: 1Lattice Report)* Our in-house manufacturing capabilities enable us to meet such indigenous content criteria and be eligible to supply products for Government orders since boron carbide is a critical and costly raw material in the manufacture of bullet resistant products. For example, we were awarded an order in 2018 by the Ministry of Defence, Government of India for the supply of 186,138 bullet resistant jackets of Level III and III+ protection, which we supplied before the scheduled delivery date, we provided armor kits for several air platforms for a Indian helicopter manufacturer and international helicopter manufacturers and we export our products to several countries in Europe and Asia.

Differentiated product portfolio with a focus on performance and reliability

We have a differentiated product portfolio comprising ammunition components, personal protection products and protection kits for land, air and sea platforms. Our ammunition component offerings currently comprise combustible cartridge cases, which we have been manufacturing for tank and artillery ammunition since 1992. Further, in April 2023, we entered into a cooperation agreement with Rheinmetall Denel Munition RF (Proprietary) Limited ("**RDM**") which is engaged in the design, development and manufacture of large and medium caliber ammunition and artillery, mortar and infantry systems. Pursuant to this agreement, we aim to collaborate with RDM and pursue opportunities in connection with process development, product development and market development and sales of artillery and mortar ammunition as well as setting up an ammunition manufacturing facility and plant and engineering services. As of the date of this Draft Red Herring Prospectus, we have participated along with RDM in two tenders issued by the Government of India for the supply of 155 mm ammunition and bi-modular charge systems and the products are at trial stage.

We supply protection products that are intended to provide critical protection to the end users. We also offer a range of field-proven advanced armor solutions. We aim to develop protection products incorporating advanced technology, innovative materials and processes in order to provide enhanced protection, reduce weight and optimize ergonomics for the end user. We were the first Indian company to be awarded the BIS certification as per BIS 17051:2018 standards for bullet resistant jackets and the only Indian company to have three body armor certifications– BIS 17051:2018 (bullet resistant jackets), BA 9000:2016 (quality management system for various products) and NIJ compliance (certain of our models have been approved as per NIJ 0101.06 and have been listed on the Compliant Product List of National Institute of Justice, USA). *(Source: 1Lattice Report)*

Our personal protection products include bullet resistant jackets, armor plates, ballistic helmets and shields customized to suit the requirements of the armed forces, police, paramilitary and other security forces and for varied operating environments. They cover different protection areas including for the front, back, sides and shoulders. Our principal body armor product offerings include concealable and tactical armor, which provide varying levels of protection against ballistic or sharp instrument threats. Certain key features of these products include stopping power against high velocity projectiles, hardness for combating advanced threats, low weight with performance benefits and multiple hit capabilities. We offer flotation jackets for naval and coast guard personnel and bullet resistant jackets specifically designed for combat pilots that aim to provide a balance of fit, mobility and protection. We also manufacture ergonomically designed bullet resistant shields for various defence applications that provide protection against multiple threats and are designed for use by law enforcement personnel and other armed forces.

We have a range of bullet resistant helmets that are engineered for distinct missions and technical parameters and offer customizable ballistic protection, which enable adaptability in complex operating environments. We offer helmet accessories including harness systems, attachments, helmet pads and visors. We were the first Indian company to secure a patent for a protective band specifically designed to improve the defence capabilities of bullet-resistant helmets against hard steel core bullets fired from AK47 rifle *(Source: 1Lattice Report)* and have obtained a patent for this product in India and the United States.

Our platform protection kits provide protection for vehicles, patrol boats, aircrafts and helicopters to operate in combat situations including counter insurgency and anti-terror operations. The survivability of modern military vehicles and their crew is determined by the ability of the vehicles to endure blasts and shrapnel from improvised explosive devices. Such threats require effective armoring systems to provide adequate protection for armed forces. *(Source: 1Lattice Report)* We offer a range of armor solutions for land, air and naval platforms through our in-house capabilities to manufacture bullet resistant boron carbide ceramic and focus on R&D. For example, our CaraPro panels are made from ultra-high molecular weight-polyethylene and have been developed keeping different combat situations in mind. We design our products to provide protection without compromising on manoeuvrability. Our products are designed to be lightweight and are modular panels that can be used as add-on armor allowing platforms to be upgraded quickly as per the requirements of the combat situation. Our product CaraSTOP is an armor system that provides protection against armor piercing bullets. For air platforms, we manufacture light weight armor panels for protecting vital areas and critical parts of helicopters and aircrafts. These armor panels provide protection against anti-aircraft guns and hard steel core bullets.

Our ability to provide end-to-end solutions to our customers ranging from designing, developing, manufacturing and testing increases our capability to meet specific requirements of our customers. Our diverse product portfolio enables us to distribute our revenue across various verticals instead of excessive dependence on a particular product or vertical. The tables below sets forth details of our revenues from the sale of our products in the years/ periods indicated:

Products	**Fiscal 2024 Amount (₹ million)**	**Percentage of revenue from operations**	**Fiscal 2023 Amount (₹ million)**	**Percentage of revenue from operations**	**Fiscal 2022 Amount (₹ million)**	**Percentage of revenue from operations**
Protection products	4,590.73	88.95%	3,238.98	92.32%	3,330.91	90.30%
Ammunition components	570.03	11.05%	269.30	7.68%	357.97	9.70%
Revenue from operations	**5,160.77**	**100.00%**	**3,508.28**	**100.00%**	**3,688.88**	**100.00%**

Products	**For the three months ended June 30, 2024**		**For the three months ended June 30, 2023**	
	Amount (₹ million)	**Percentage of revenue from operations**	**Amount (₹ million)**	**Percentage of revenue from operations**
Protection products	1,373.60	94.23%	460.24	87.59%

Products	For the three months ended June 30, 2024		For the three months ended June 30, 2023	
	Amount (₹ million)	**Percentage of revenue from operations**	**Amount (₹ million)**	**Percentage of revenue from operations**
Ammunition components	84.07	5.77%	65.19	12.41%
Revenue from operations	**1,457.67**	**100.00%**	**525.43**	**100.00%**

Robust manufacturing and research and development capabilities

We established our Palwal Manufacturing Facility where we commenced manufacturing combustible cartridge cases and have been handling military grade explosives for the Indian armed forces for over three decades. We have end-to-end control over the key manufacturing processes, including the characterization of raw materials, ensuring temperature uniformity and pressure equalization during molding, and adhering to international standards for product evaluation, which allows us to implement stringent quality control measures at every step, ensuring the consistency and performance of our products. We have designed certain of our critical machinery ourselves, which enabled us to address the deficiencies in off-the-shelf equipment and optimize our production capacity at lower capital expenditure. Our Palwal Manufacturing Facility houses equipment such as high temperature vacuum furnaces, high pressure autoclaves, large hydraulic presses, computer numerical control fabric cutting machines and x-ray analysis. As of June 30, 2024, our annual installed manufacturing capacity was 400,000 protection products and 120,000 ammunition components. Our manufacturing operations comply with international standards for certain products such as ISO 9001:2015 (quality management system), AQAP 2110:2016 (management system), ISO 14001:2015 (environmental management system), ISO 45001:2018 (occupational health and safety management system) AS9100D:2016 (aerospace quality management system – requirements for aviation, space and defence organisations) and BA 9000:2016 (quality management system for various products). Our in-house manufacturing capabilities also enable us to remain responsive to the changing requirements of our customers and introduce new solutions that address the evolving challenges and opportunities in the defence sector.

Our focus on R&D has enabled us to develop a range of personal protection products and armor kits. We are focused on product innovation based on customer requirements and considering factors such as terrain adaptability and user comfort. Our R&D team works with our business development teams to identify new products, enhancements or complementary features in our current products in order to capitalise on opportunities. For example, we introduced a dynamic load distribution system for our bullet resistant jackets, which improves user comfort by distributing weight effectively and for which we were granted a patent in India. We have developed a bullet resistant helmet for which we were granted a patent in India and a protective band for advance protection of helmets from AK47 rifle hard steel core bullets and have obtained a patent for this product in India and the United States. Similarly, we designed a quick release bullet resistant vest that allows users to remove the jacket quickly. We also designed a rail mounting system for helmets, high-cut headgear and a ballistic shield for which we obtained registered designs in India. The rail mounting system helps users mount various accessories on the helmet to enhance functionality based on the operating environment. In relation to our R&D initiatives, we have entered into a licensing agreement with a defence research organization in India for transfer of technology for bullet proof jackets for improved protection to our Company for the purposes of manufacturing, sale and supply to Indian armed forces and other government agencies (Central and State) in India for a period of 10 years from July 31, 2018. Additionally, our Company has also entered into two joint product development agreements with third party manufacturers in India to develop individual protective systems that integrate electronic components with ballistic parts, including bullet proof jackets, helmets and ballistic goggles.

Our focus on R&D has enabled us to deliver protective solutions and continually enhance our product offerings based on customer needs and industry trends. It has also helped secure a number of registered patents and designs for our products. As of the date of this Draft Red Herring Prospectus, we had five registered patents and four registered designs, and six patent and two design applications pending. These patents and registered designs are a testament to our R&D efforts, showcasing our ability to introduce innovative solutions in the defence sector.

Experienced Promoters and senior management team

We have a management team with extensive industry experience. Our Promoter, Dr. Shiv Chand Kansal has 33 years of experience in the defence manufacturing industry with our Company and holds a master's degree in chemical engineering and doctor of philosophy from the Indian Institute of Technology, Bombay, while our Promoter, Dr. Madhu Kansal has 33 years of experience in the defence manufacturing industry with our Company and holds a master's degree in science (zoology) and doctorate of philosophy from Punjab University. Our

Promoter, Ashish Kansal, has over 20 years of experience in the defence manufacturing industry with our Company and has a bachelor's degree in textile technology from the Indian Institute of Technology, Delhi and a master's degree in science from the Georgia Institute of Technology. Our management team has extensive experience in the defence manufacturing industry. In addition, our senior management team contributes to the overall strategic planning and business development of our Company and has been instrumental in the growth of our business and revenues. Our Key Managerial Personnel and Senior Management include our President – Finance and Chief Financial Officer, Padam Chand Jain, our President-Defence, Major General Anil Kumar (Retired), our Vice-President-Defence, Gagan Kumar Sangal and our Company Secretary and Compliance Officer, Sachin Jain.

Our experienced Promoters and senior management team have played a crucial role in our success in delivering large orders, securing export orders, and developing relationships with customers both in India and overseas. For example, we executed an order received in 2018 from the Ministry of Defence, Government of India for the supply of 186,138 bullet resistant jackets of Level III and III+ protection and an order received in 2023 for 1,612 bullet resistant shields of BIS Level 6. Similarly, we supplied bullet resistant armor plates and helmets to a friendly foreign country, lightweight HPPE armor for a global aircraft manufacturer, bullet resistant helmets for the Border Security Force and bullet resistant jackets for the Central Reserve Police Force. The strength of our Board and management team and their experience position us well to capitalize on future growth opportunities and better serve our stakeholders. For further details on our Board of Directors, Key Managerial Personnel and Senior Management, see "***Our Management***" on page 252.

Our Strategies

Forward integrating our ammunition components business to capitalize on the global demand for ammunition and the favourable Government procurement policy

We have been manufacturing combustible cartridge cases for tank and artillery ammunition and are focussed on catering to the growing demand for indigenously manufactured ammunition in India. Ammunition is an essential element of military equipment and weapons, serving as a fundamental component of armed forces. The Government has decided to reduce ammunition imports and instead procure all ammunition requirements from domestic sources. Previously, only the state-owned Ordnance Factory Board was permitted to produce ammunition and India's private sector was only allowed to manufacture parts of ammunition such as the shell or fuse. However, the Ministry of Defence under its 'Make in India' and 'Atmanirbhar Bharat' initiatives is encouraging the private sector to manufacture ammunition in India. The Ministry of Defence has already introduced the fifth Positive Indigenisation List, which includes plans to stop the import of all types of ammunition by 2025. In addition, war wastage reserve ("**WWR**") which includes military material held in reserve for potential wartime needs, including bullets, rockets, missiles, weapons, and fuel. The Indian government has revised the WWR policy, aiming to stock enough ammunition for 40 days of intense warfare, allowing sufficient time for production to ramp up and meet military demands. India's ammunition market which was valued at USD 659 million in Fiscal 2024, is expected to grow at a CAGR of 5.8% to reach a value of USD 1,174 million by 2029. *(Source: 1Lattice Report)*

As part of our proposed forward integration initiatives, we are in the process of setting up our Planned Ammunition Manufacturing Facility, through investment in our Subsidiary, SMPP Ammunition Private Limited, to manufacture ammunition for the armed forces. Pursuant to a lease deed dated March 1, 2024, we have been allotted certain industrial land admeasuring approximately 3,237,600 sq. mts. (approximately 800 acres) on a leasehold basis for a period of 95 years. We have commenced construction of buildings and land development for the Planned Ammunition Manufacturing Facility. Pursuant to setting up the Planned Ammunition Manufacturing Facility, we intend to commence the manufacturing of ammunition of 155 mm caliber at the Planned Ammunition Manufacturing Facility, for use in military applications such as artillery. We intend to eventually expand our production to include other large and medium caliber ammunition, which can be undertaken by minor adjustments to the plant and equipment proposed for the Ammunition Project. We may further look to set up in-house production facilities for raw materials required for manufacture of ammunition, including nitrocellulose ("**NC**"), nitroguinadine ("**NG**"), NC-NG paste, single base, double base and triple base propellants.

We intend to leverage our relationship with RDM and the cooperation agreement that we have entered into with them for process development, product development and market development and sales of artillery and mortar ammunition. We have participated along with RDM in two tenders issued by the Government for the supply of 155 mm ammunition and Bi-modular charge systems. Further, we entered into a contract with a friendly foreign country to supply 155 mm ammunition and Bi-modular charge systems.

We expect to commence commercial production at this facility in a phased manner starting from the first quarter of 2025 and have obtained a license to manufacture the annual capacity of products listed below:

Artillery ammunition	Tank ammunition	Infantry combat vehicles and air defence artillery ammunition	Mortar ammunition
155 mm: 250,000 rounds	125 mm: 250,000 rounds	40 mm: 50,000 rounds	120 mm: 100,000 rounds
105 mm: 100,000 rounds 130 mm: 50,000 rounds	120 mm: 50,000 rounds	30 mm: 50,000 rounds	81 mm: 100,000 rounds

According to the 1Lattice Report, this facility will be the largest private sector ammunition manufacturing facility in India in terms on area. We intend to deploy ₹ 3,562.99 million from the Net Proceeds towards setting up of Planned Ammunition Manufacturing Facility. For further details, see *"**Objects of the Offer - Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility ("Ammunition Project") through investment in SMPP Ammunition Private Limited, our Subsidiary"*** on page 105.

Focus on increasing the export of our products

We commenced exporting our protection products in 2008 and have supplied our products to customers across 23 countries between April 1, 2021 and June 30, 2024 in Europe and Asia. The table below sets forth details of the customers served outside India and revenue generated from such customers in the years/ periods indicated:

Particulars	As of/ for the three months ended June 30,		As of/ For the year ended March 31,		
	2024	2023	2024	2023	2022
Number of customers served and located outside India	12	9	23	17	15
Revenue from customers located outside India (₹ million)	110.77	401.40	1,085.65	1,367.32	889.12
Percentage of the total revenue from operations	7.60%	76.39%	21.04%	38.99%	24.14%

As per the 1Lattice Report, the global defence spending which accounted for USD 2.4 trillion in 2023, contributing 2.3% of the global GDP, is expected to grow at a CAGR of 4.3% to USD 3.0 trillion by 2028. We intend to capitalize on the growing international demand to boost our export sales of our personal protection products, protection kits for land, air and sea platforms and ammunition. This approach will allow us to diversify our revenue base and expand our geographical footprint, helping us mitigate risks associated with economic fluctuations in any one region. Further, we are the only Indian company to have three body armor certifications - BIS 17051:2018, BA 9000 and NIJ compliance (certain of our models have been approved as per NIJ 0101.06 and have been listed on the Compliant Product List of National Institute of Justice, USA), (*Source: 1Lattice Report*) which enables us to export our products to different countries. We intend to achieve such objective by marketing our products through several channels including participating in global defence exhibitions and we intend to continue to actively engage in such events to broaden our market reach and drive growth in our exports.

Continue to focus on product innovation and design and further diversify our portfolio

Our focus on R&D has been instrumental in driving the growth of our business, enhancing our ability to meet the specific requirements of our customers and resulted in securing a number of registered product and design patents for our products. We intend to further diversify our product portfolio through our R&D initiatives. We are focused on investing in technology, equipment and skilled workforce with the aim of delivering high-quality, innovative and technology-driven products in response to customer requirements thereby strengthening our relationships with our customers across a range of product categories. We intend to introduce advanced solutions, including lighter weight protection products, armor piercing incendiary ("**API**") protection helmets, advanced protection helmets for Sikh troops, guided ammunition, and drone-delivered bombs. We intend to manufacture advanced products with integrated sensors to cater to the Future Infantry Soldier as a System (F-INSAS) program of the Government. We also intend to increase the indigenous content in our products such as developing bullet resistant products using indigenous HPPE fabrics and domestic processing of ceramic powders.

Inorganically grow our business offerings

We will evaluate inorganic growth opportunities, in keeping with our strategy to enter new geographies, grow and develop our market share or to add new product categories. We may consider opportunities for inorganic growth, such as through acquisitions or strategic collaborations, if, among other things, they help us enter new markets, consolidate our market position in existing business verticals, unlock potential efficiency and synergy benefits, strengthen and expand our product portfolio, enhance our depth of experience, knowledge-base and know-how. We intend to evaluate opportunities to expand our presence and supply our products in Latin America, the European Union, the Middle East and the Asia Pacific regions. We will also evaluate entering into joint marketing agreements with other manufacturers to combine our products and sell integrated kits to armed forces.

BUSINESS OPERATIONS

Our Product Portfolio

We manufacture: (i) ammunition components including combustible cartridge cases; and (ii) protection products, consisting of personal protection products and protection kits for land, air and sea platforms.

Ammunition Components

Our ammunition component offerings currently comprise combustible cartridge cases, which we have been manufacturing for tank and artillery ammunition since 1992. We offer a range of combustible cartridge cases, priced between ₹ 1,000 and ₹ 20,000 per piece. Combustible cartridge cases offer several benefits compared to traditional brass cartridge cases including being entirely combustible, eliminating the presence of spent cases, which leads to a better crew compartment environment by reducing toxic fumes and minimizing clutter from spent metals. Further, these cartridges can enhance firing rates and decrease barrel wear. (*Source: 1Lattice Report*)

Protection Products

<u>**Personal protection products**</u>

Our personal protection products include bullet resistant jackets, armor plates, ballistic helmets and shields customized for armed forces, paramilitary forces and police forces.

Bullet Resistant Jackets

We have a range of bullet resistant jackets suitable for different operating environments and feature breathable anti-microbial moisture-wicking mesh, anti-stab fabric, breathable inner mesh and fire retardant specifications. We currently sell various types of bullet-resistant jackets priced between ₹ 31,500 and ₹ 170,000, depending on size, protection level, composition, components, areas protected, and comfort features.

Concealable and VIP jackets

These jackets are designed to provide NIJ standard 0101.06 IIIA protection, and are intended for VIPs, entrepreneurs, politicians, and security personnel. They offer protection for the front, back and sides.

Police and law enforcement jackets

These jackets offer protection for the front, back, side, and shoulders, with optional upgrades to include collar and groin protection. These jackets are designed to provide NIJ standard 0101.06 IIIA protection. Optional accessories for the jackets include a carry bag, ammunition pouches, grenade pouches, and radio pouches, providing additional functionality and customization to meet the user's specific operational needs.

Commando jackets

Our commando jackets offer NIJ standard 0101.06 IIIA protection with upgrade options for rifle protection using hard armor plates. They are designed to be optimized for maneuverability and can be fitted with various optional accessories.

Front opening jackets

These jackets are designed to be light weight and easy to wear. A lightweight tactical bullet resistant vest helps absorbs the impact of bullets and reduce or stop potential penetration to the body from bullets and shrapnel from explosions.

Military jackets

Our military jackets are designed for enhanced protection and comfort in tactical environments. They are made with high-quality bullet resistant materials to provide defence against multiple threats while maintaining mobility and durability. These jackets offer NIJ standard 0101.06 IIIA protection.

Naval flotation jackets

Our naval flotation jackets comprise auto-inflatable jackets and non-auto inflatable jackets.

Pilot jackets

These jackets are specifically designed for combat pilots, offering a balance of mobility and protection while being easy to put on and take off. Manufactured using ultra high molecular weight polyethylene and aramids, either alone or in combination, they provide enhanced protection up to NIJ standard 0101.06 Level IIIA.

Plate Carriers

Plate carriers offer multiple carrier packages intended for us in a variety of scenarios including emergency use to performing regular duties. The carriers are fully adjustable and available in different sizes. They are based on the modular lightweight load-carrying equipment standard allowing the operator to customize them and use them in multiple configurations.

Ironclad Suits

Our tailored and ergonomically designed ironclad suits feature neck protection, front and back protection with an adjustable flap to act as a shield in dangerous situations to protect from penetration caused by bullets and similar projectiles. It is designed to provide NIJ standard 0101.06 Level IIIA protection.

Bullet Resistant Helmets

We manufacture several categories of helmets using ultra high molecular weight polyethylene and aramids. Our helmets are engineered for distinct missions, have customizable protection features and ensure adaptability in complex operating environments. We currently sell various types of bullet-resistant helmets priced between ₹ 4,100 and ₹ 140,000, depending on size, protection level, composition, components, areas protected, and comfort features.

Bullet Resistant Hard Armor Plates

Our bullet resistant hard armor plates are made with shatter-proof technology, made with boron carbide monolithic ceramic. Our CaraPro panels are made from modern materials such as ultra-high molecular weight-polyethylene. Our product CaraSTOP is an advanced armor system that provides protection against armor piercing bullets. We currently sell various types of bullet-resistant hard armor plates priced between ₹ 8,700 and ₹ 32,500, depending on size, protection level, composition and, areas protected.

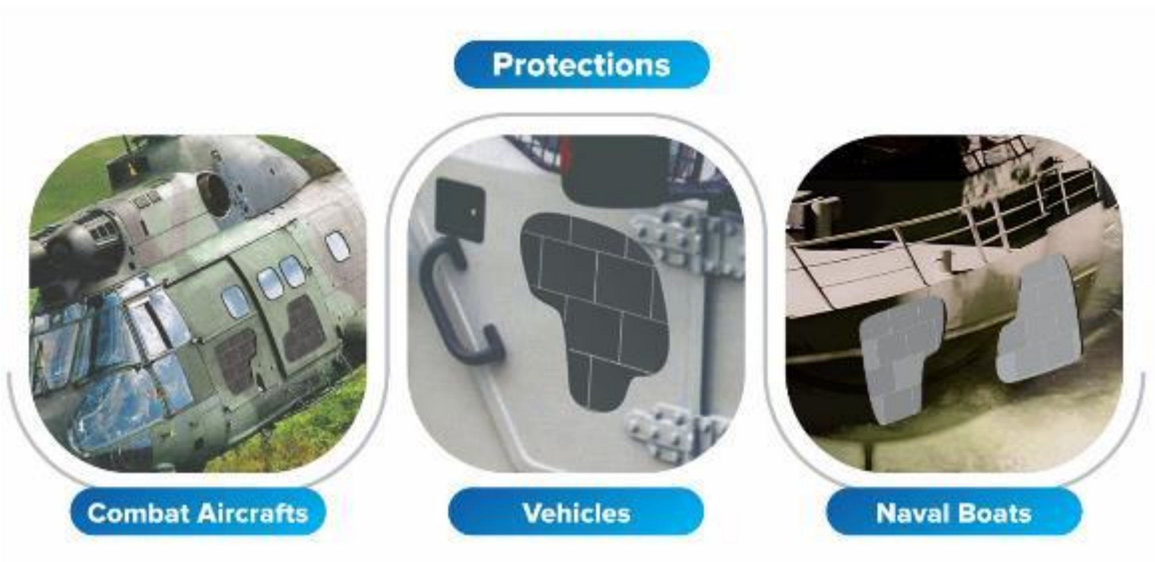
Bullet Resistant Shields

We have a large array of lightweight solutions with multiple shapes and special provision of holding the shield to distribute the weight. We have foldable shields which specialized protection bags are designed to address unforeseen threats and cater to VIP and VVIP individuals, including politicians, heads of state, and business leaders. They are made from lightweight, high-performance bullet resistant material and covered with premium-quality leather. The bags are both easy to carry and handle, featuring excellent ergonomics for user comfort and convenience. We currently sell various types of bullet-resistant shields priced between ₹ 252, 000 and ₹ 1,110,000 depending on size, protection level, composition, components, areas protected, and comfort features.

The table below sets forth details of the number and value of bullet resistant helmets, bullet resistant jackets and bullet resistant shields sold by us for the years/ periods indicated below:

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the year ended March 31,		
			2024	2023	2022
Number					
Bullet Resistant Helmets	15,687	14,777	54,381	46,661	22,206
Bullet Resistant Jackets	19,624	27,605	1,03,228	1,11,011	84,593
Bullet Resistant Shields	56	1	1,669	199	3
Total Number	**35,367**	**42,383**	**1,59,278**	**1,57,871**	**1,06,802**
Value (₹ million)					
Bullet Resistant Helmets	734.31	168.95	622.34	508.94	368.63
Bullet Resistant Jackets	548.02	235.09	2,281.93	2,539.69	2,679.18
Bullet Resistant Shields	61.72	0.25	1,527.35	79.47	1.46
Total Value	**1,344.05**	**404.29**	**4,431.62**	**3,128.10**	**3,049.27**
Total Value as % of Revenue from operations	**92.21%**	**76.95%**	**85.87%**	**89.16%**	**82.66%**

<u>Protection Kits for Land, Air and Sea Platforms</u>



Vehicle Armor

Our vehicle armor solutions include bullet resistant materials and reinforced components to protect against a wide range of threats such as ballistic projectiles, blasts, and shrapnel. Under our CaraFLEX brand, we deliver light weight pre-engineered armor kits for combat and strategic vehicles such as mine protection vehicles, main battle tanks and armored carriers for missiles.

Naval Armor

We offer a wide range of customized light weight solutions for various naval vessels. These solutions provide protection to the vulnerable areas of the vessel from an extensive range of current threats, including fragments from rifle fire, armor piercing rounds, small arms and explosive blasts. Our naval armor offers various standards of protections such as Levels NIJ IIIA, III and IV.

Aircraft armor

We produce light weight armor panels for protecting vital areas and critical parts of helicopters and aircrafts. These armor panels provide protection against bullets fired from anti-aircraft guns and hard steel core bullets. Our products are integrated into helicopters and aircrafts for superior protection without impacting the operability.

The price of protection kits for land, air, and sea platforms varies depending on several factors, including size and shape requirements, cutting and hole design, as well as the level of protection and composition.

Ceramic plates

We develop and manufacture a diverse range of armor ceramics for defence and industrial applications, using boron carbide ceramic.

Tenders

The following table sets forth details of the value of tenders we submitted and the ones we were awarded during the respective years/ periods:

Particulars	For the three months ended June 30, 2024	For the year ended March 31, 2024	2023	2022
Value of total tenders submitted and decided (₹ million)	1,993.28	6,797.56	3,773.20	747.91
Value of total tenders awarded to Company (₹ million)	1,993.28	5,899.65	3,073.46	539.87
Win percentage	100.00%	86.79%	81.45%	72.18%

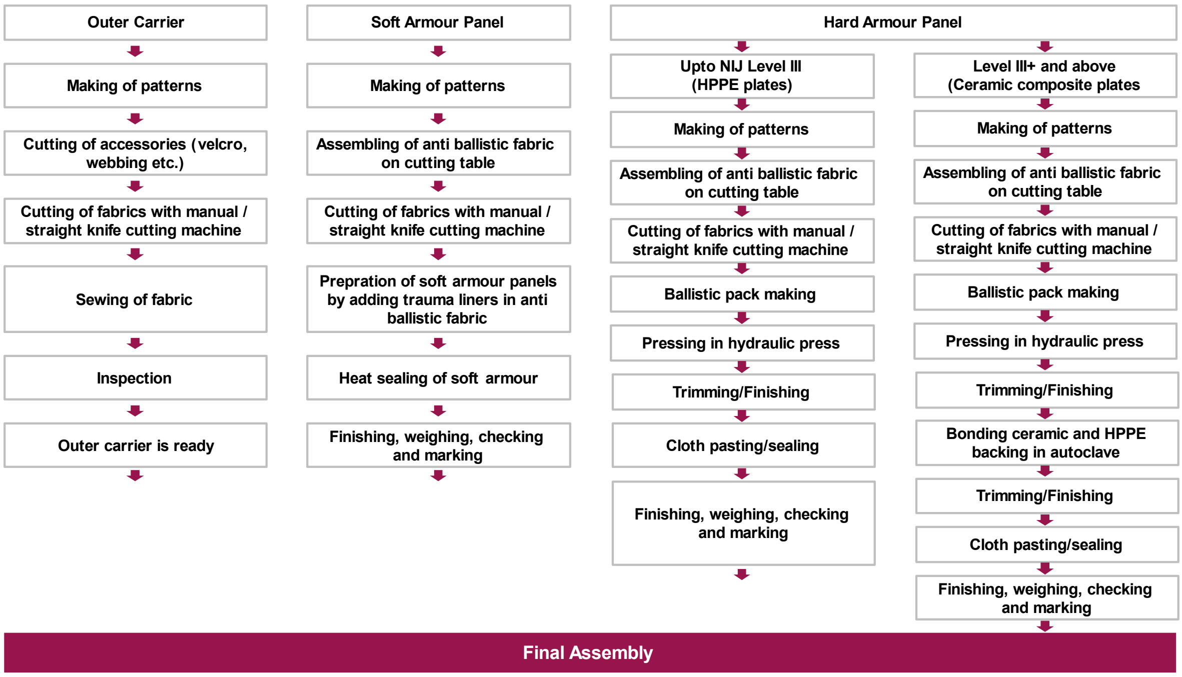
Further, as of June 30, 2024, we had ₹ 2,202.48 million in tenders that were awarded to us and were yet to be executed, comprising ₹ 2,072.96 million for protection products and ₹ 129.52 million for ammunition components. Additionally, as of June 30, 2024, we had submitted bids for tenders amounting to ₹ 13,843.56 million, which were yet to be awarded, including ₹ 13,132.21 million for protection products and ₹ 711.35 million for ammunition components.

Our Palwal Manufacturing Facility

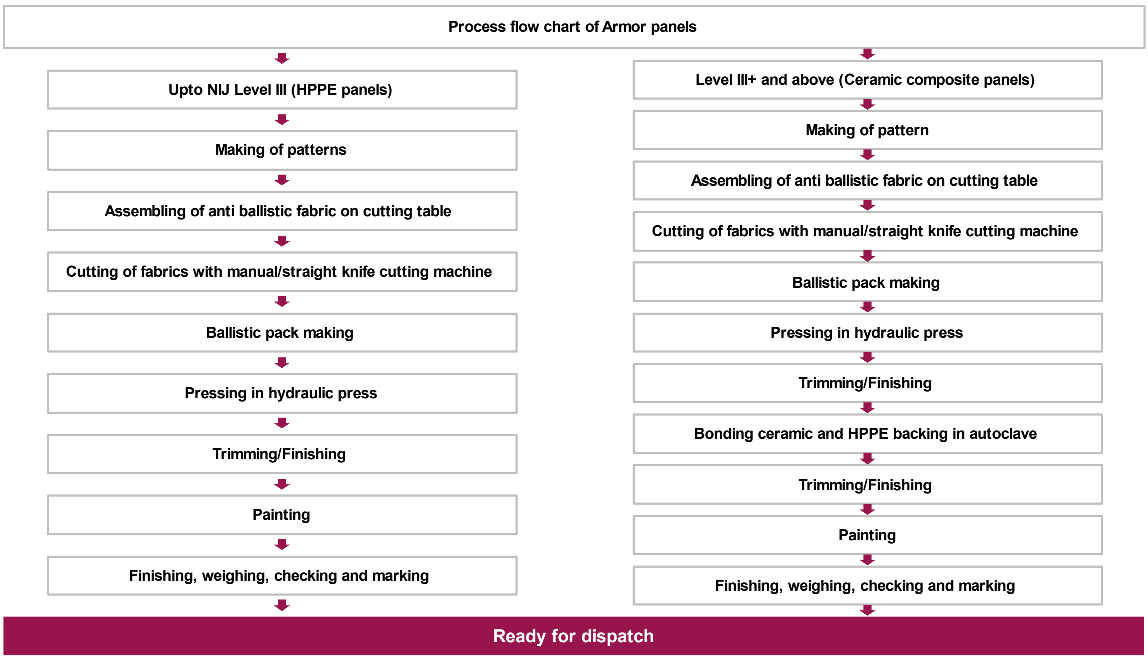
As of the date of this Draft Red Herring Prospectus, we have one manufacturing facility located at Palwal, Haryana, which is spread over 0.63 million square feet and commenced operations in 1992. Our manufacturing facility is equipped with advanced equipment, including fabric CNC auto cutter, wet injection moulding machine, high temperature vacuum furnaces, hydraulic press and high pressure autoclaves.

The process flow charts for bullet resistance jackets, armor plates, ballistic helmets, shields and combustible cartridge cases are given below:

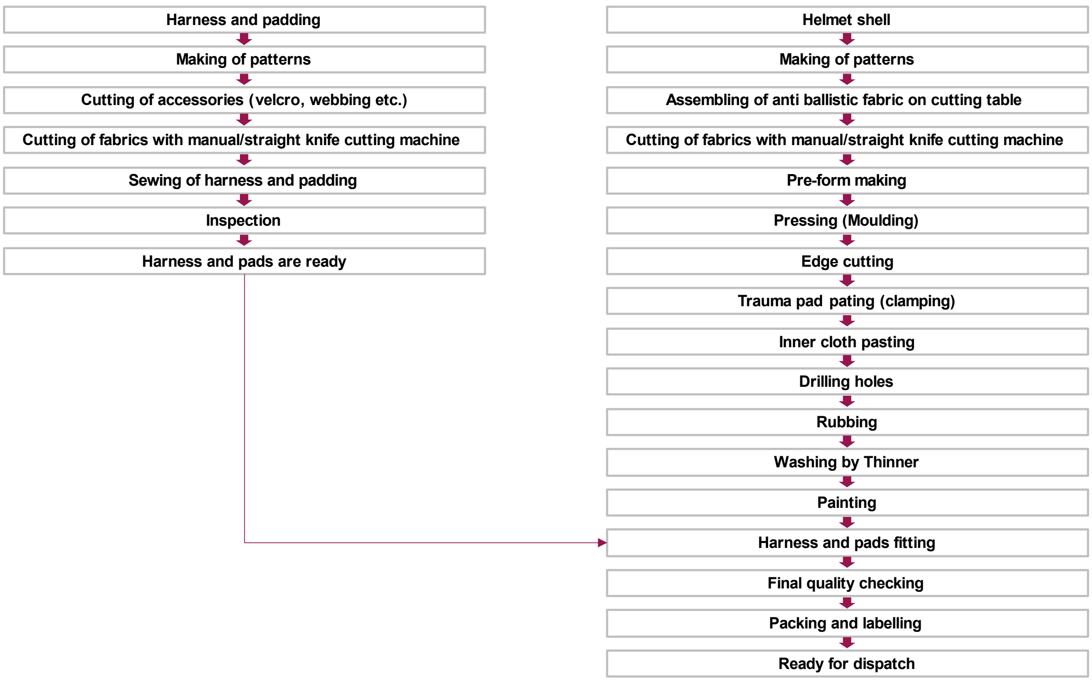
Process flow chart for bullet resistance jackets



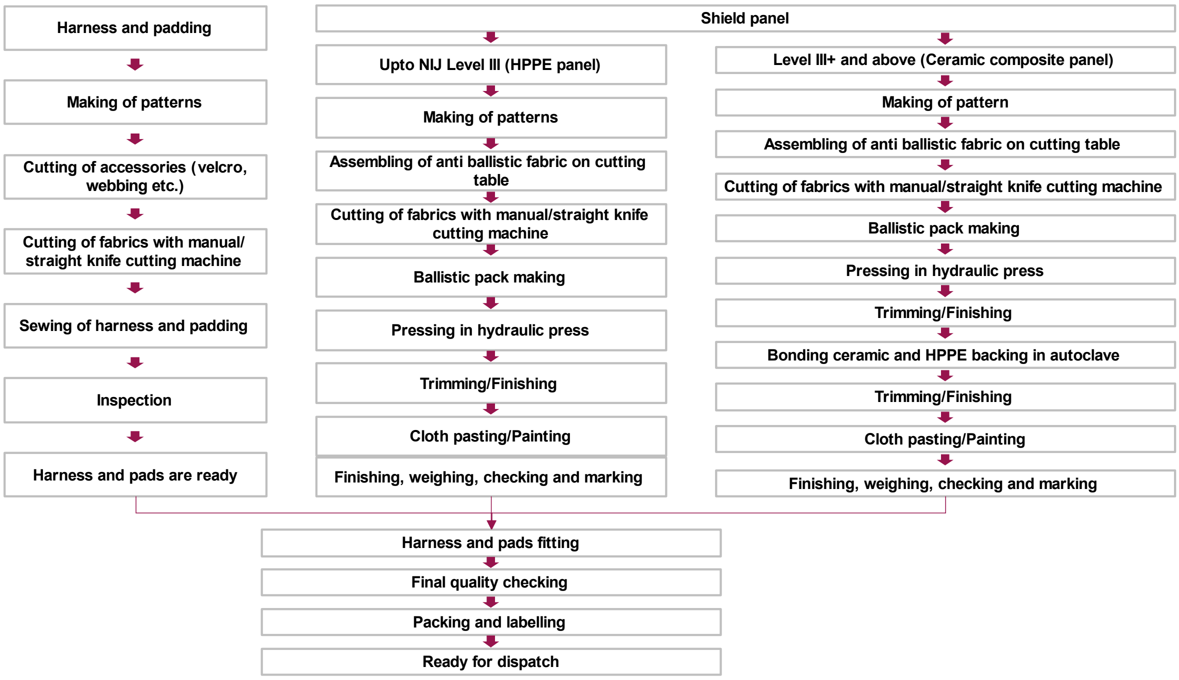
Process flow chart for armor panels



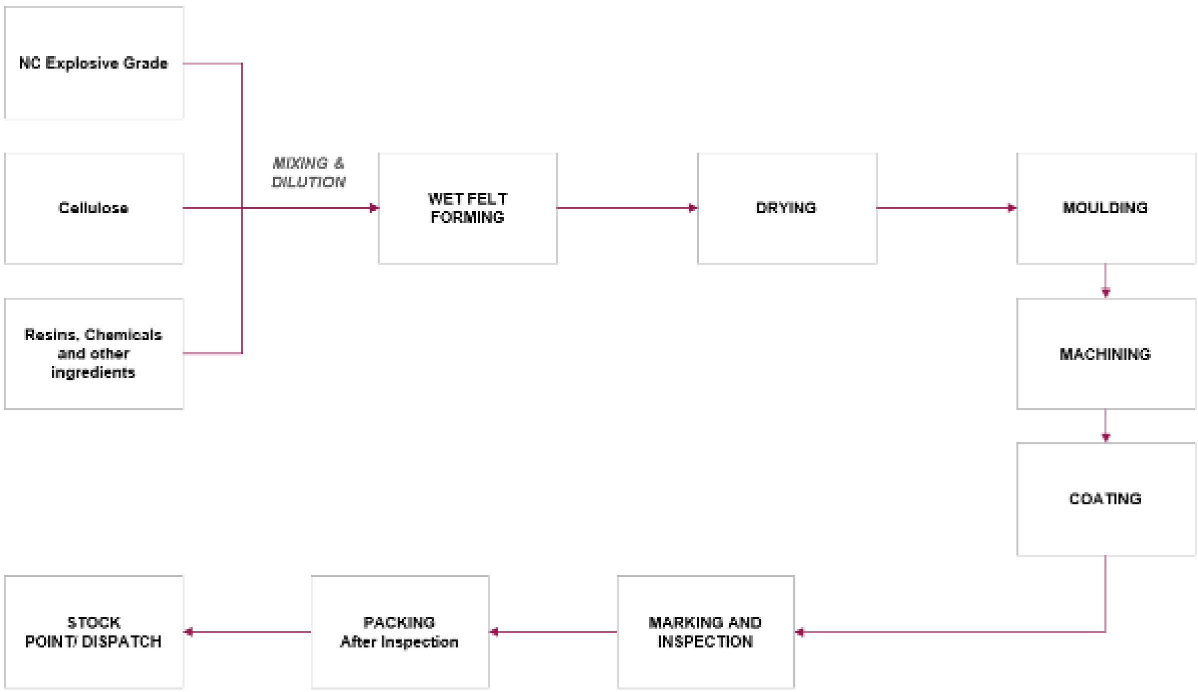
Process flow chart for ballistic helmets



Process flow chart for ballistic shields



Process flow chart for combustible cartridge cases



Biodegradable packaging

We undertake industrial packaging using vacuum molding process with recycled materials such as cardboards, newspapers and books at Palwal Manufacturing Facility. Packaging received by us is also recycled into ecofriendly and sustainable packing materials which are sold to various customers for use in India and export market.

Installed Capacity, Actual Production and Capacity Utilisation

The information relating to the installed capacity, actual production and capacity utilisation of our products included below and elsewhere in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account in the calculation of our capacity and the same has been certified by Khyati Enterprises, independent chartered engineer by certificate dated October 17, 2024. These assumptions and estimates include standard capacity calculation practice in the defence industry and capacity of other ancillary equipment installed at the manufacturing facility. Assumptions and estimates taken into account for measuring installed capacity and available capacity include 312 working days in a year at one shift per day operating for eight hours a day. Undue reliance should therefore not be placed on our capacity information or historical capacity utilization information for our Palwal Manufacturing Facility included in this Draft Red Herring Prospectus. See "***Risk Factors – Information relating to our annual installed capacity and the historical capacity utilization of Palwal Manufacturing Facility included in this Draft Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.***" on page 54.

The table below sets forth certain information relating to the installed capacity, actual production and capacity utilisation for our products for the years/ periods indicated:

Product category	**As of/ For the three months ended June 30, 2024**			**June 30, 2023**		
	Installed Capacity for the three months [3]	**Actual Production**	**Capacity Utilization**[4]	**Installed Capacity for the three months** [3]	**Actual Production**	**Capacity Utilization**[4]
	(Units)	*(Units)*	*(%)*	*(Units)*	*(Units)*	*(%)*
Protection products[1][6]	102,000	31,284	30.67%	102,000	29,323	28.75%
Ammunition Components[2][5]	30,000	6,477	21.59%	30,000	3,663	12.21%

Product Category	**As of/ For the year ended March 31, 2024**			**March 31, 2023**			**March 31, 2022**		
	Installed Capacity for the Fiscal[3][7]	**Actual Production**	**Capacity Utilization**[4]	**Installed Capacity for the Fiscal** [3] [7]	**Actual Production**	**Capacity Utilization**[4]	**Installed Capacity for the Fiscal** [3] [7]	**Actual Production**	**Capacity Utilization**[4]
	(Units)	*(Units)*	*(%)*	*(Units)*	*(Units)*	*(%)*	*(Units)*	*(Units)*	*(%)*
Protection products[1][6]	408,000	170,919	41.89%	408,000	159,233	39.03%	408,000	109,956	26.95%
Ammunition Components[2][5]	120,000	76,603	63.84%	120,000	82,228	68.52%	120,000	31,447	26.21%

**As certified by Khyati Enterprises, independent chartered engineer, by certificate dated October 17, 2024.*

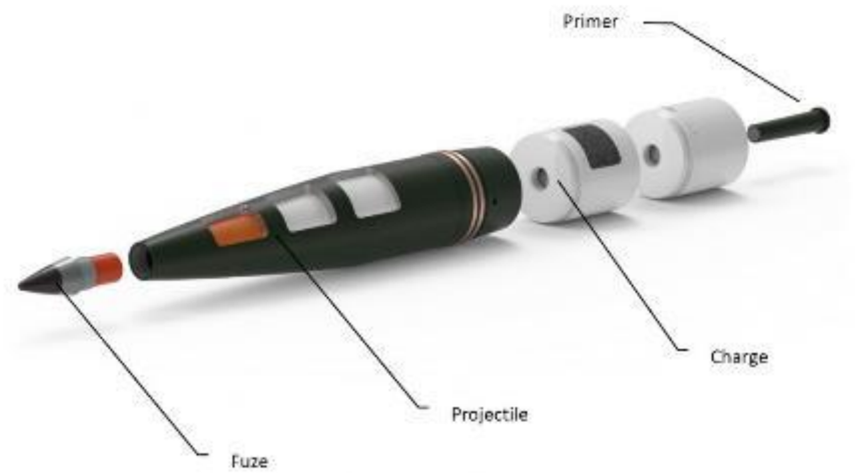
Notes:

(1) *Protection products includes bullet resistant jackets, armor plates, ballistic helmets, shields and platform protection kits.*
(2) *Ammunition components includes combustible cartridge cases.*
(3) *Installed capacity represents the installed capacity as of the last date and available for the relevant Fiscal / period and has been calculated based on the daily average of installed capacity for the relevant Fiscal / period. The installed capacity is based on various assumptions and estimates, including standard capacity calculation practice in the Indian defence industry and capacity of other ancillary equipment installed at the manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities include 312 working days in a year, at one shift per day operating for 8 hours a day.*
(4) *Capacity utilization has been calculated on the basis of actual production recorded during the relevant period divided by the aggregate installed capacity of the Palwal Manufacturing Facility as at and available for the relevant period.*
(5) *While our production capabilities are fungible, we have dedicated production lines for combustible cartridges.*
(6) *Protection products constitutes various products such as bullet resistant jackets, armor plates, ballistic helmets, shields and platform protection kits. Since the production capabilities for such protection products are fungible and their production is based on customer requirements, we are unable to compute installed capacity and capacity utilisation for each such product separately.*
(7) *Given there has been no addition to or expansion of installed capacity at the Palwal Manufacturing Facility during Fiscals 2022, 2023 and 2024 and three months ended June 30, 2023 and June 30, 2024, the installed capacity for the production line for each product category calculated as above has been considered consistently as the basis for calculating installed capacity for each of such Fiscals/periods.*

Planned Ammunition Manufacturing Facility

We propose to set up a manufacturing Facility in Solan, Himachal Pradesh, India ("**Planned Ammunition Manufacturing Facility**"). To this effect, we have been allotted industrial land situated at Plot no. 01, Industrial Area, Lakhanpur, Tehsil Nalagarh, Distt. Solan (Himachal Pradesh) admeasuring approximately 3,237,600 sq. mtrs. (approximately 800 acres) on leasehold basis for a period of 95 years by the Deputy Director of Industries, Single Window Clearance Agency, Nalagarh, Distt. Solan, Himachal Pradesh ("**Government of HP**") pursuant to the allotment letter no. Ind.Dev.F/Defence Park/SMPP Pvt. Ltd./2021/-16768-70 dated January 18, 2022 and lease deed dated March 1, 2024 entered into between Government of HP and SMPP Ammunition for an amount of ₹ 3,237,600. The Government of HP has allotted the Proposed Land to SMPP Ammunition for the purposes of manufacture of different types of ammunitions. We intend to commence the manufacturing of ammunition of 155 mm caliber at the Planned Ammunition Manufacturing Facility, for use in military applications such as artillery. We intend to eventually expand our production to include other large and medium caliber ammunition, which can be undertaken by minor adjustments to the plant and equipment proposed for the Ammunition Project. We may further look to set up in-house production facilities for raw materials required for manufacture of ammunition, including nitrocellulose ("**NC**"), nitroguinadine ("**NG**"), NC-NG paste, single base, double base and triple base propellants.

The typical proposed ammunition round of 155mm consists of: (i) primer; (ii) bi-modular charge system; (iii) shell/ projectile; and (iv) fuse.



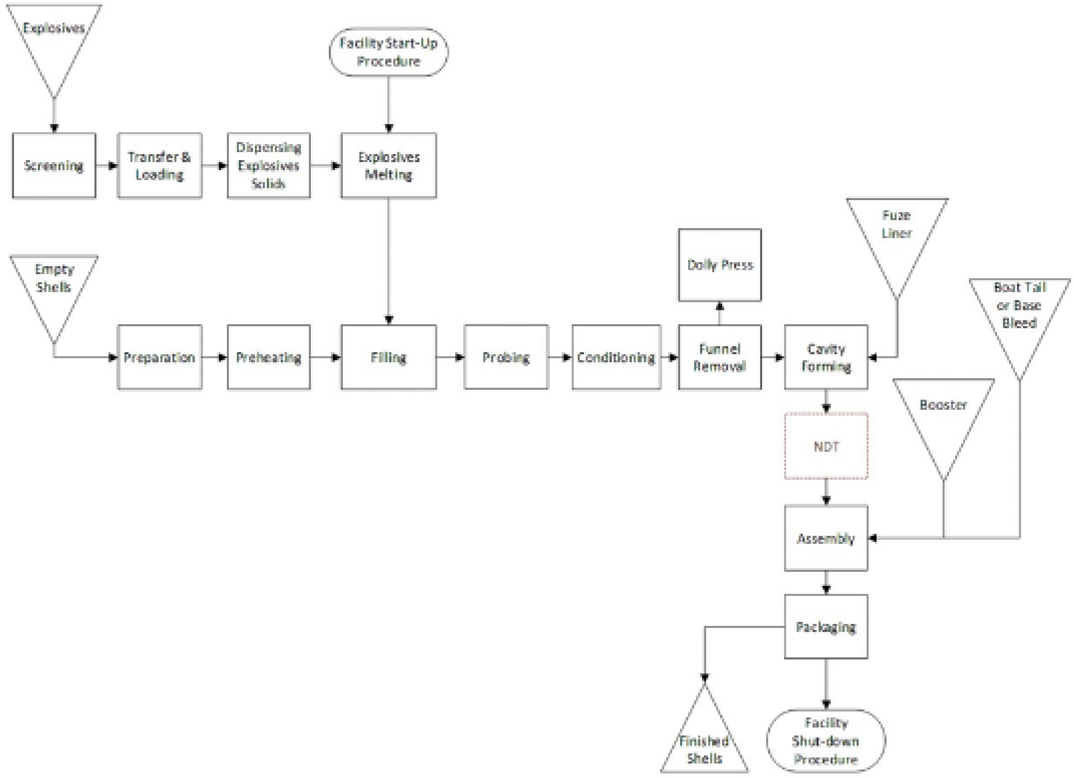
Primer: The primer is a device responsible for initiating the propellant combustion that propels the projectiles out of the gun barrel. The primer is located at the base of the ammunition.

Bi-Modular Charge System ("BMCS"): It provides the necessary propulsion for the shell to travel from the gun to the enemy target. The BMCS consists of two types of charges – lower zones for shorter ranges and higher zones for longer ranges.

Shell/ Projectile: This comprises of metal shell which is filled with explosives. The tip provides for fixing of the fuse that would set off the detonation of the explosive. When the ammunition lands at the target, its fuse gets activated (upon impact/just before impact based on its nature) which detonates the explosive inside the shell. The shell itself fragments into thousands of small parts that act as shrapnel to inflict destruction on the target. The shell has to be aero-dynamically designed to ensure least air resistance during travel to enable the ammunition to travel to its full distance range.

Fuse: A fuse is generally a mechanical/chemical/electronic device in a projectile designed to initiate its action at pre-determined time and place.

We propose to establish a LAPing facility at the Planned Ammunition Manufacturing Facility. The LAPing process involves several steps to ensure the proper preparation and filling of explosive shells. It begins with preparing the empty shells for filling, followed by melting and mixing TNT or TNT+RDX-based explosives. These explosives are then filled into the empty shells. Once filled, the shells undergo probing and conditioning to ensure uniformity and safety. The next step involves forming and sealing the explosive's cavity to secure the contents. After sealing, the filled shells are assembled and marked for identification. Finally, the assembled shells are packed and palletized into unit loads for transportation and storage. The LAPing process can be broadly depicted by a process flow chart given below:



Customers

We supply our products to a diverse customer base. We have developed a portfolio of products that cater to the safety and survivability equipment requirements of the armed forces, police, paramilitary and other security forces, thereby seeking to serve national interests. Our ammunition component offerings currently comprise combustible cartridge cases, which we have been manufacturing for tank and artillery ammunition since 1992. Our personal protection products include bullet resistant jackets, armor plates, ballistic helmets and shields customized for armed forces, police, paramilitary and other security forces, while our platform protection kits provide protection for vehicles, patrol boats, aircrafts and helicopters in combat situations including counter insurgency and anti-terror operations. Our customers include armed forces, police, paramilitary and other security forces. We participate in competitive bidding processes, wherein we compete for contracts based on, among other things, pricing, product trials, reputation for quality, financing capabilities and track record. Once the request for proposal document is published by the prospective clients, we prepare a proposal in accordance with the requirements of the project, outlining the proposed cost and timelines. Our bid is further evaluated basis a predetermined evaluation criteria involving technical as well as financial aspects and the past performance of our Company, basis which the bidders are awarded the contract.

Raw Materials and Suppliers

The principal raw materials that we use in our operations include boron carbide powder, ballistic fabrics, solvents, resins and adhesives. During the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, our costs of materials consumed were ₹ 690.99 million, ₹ 482.36 million, ₹ 2,946.99 million, ₹ 1,856.98 million and ₹ 2,088.53 million, respectively, which accounted for 75.71%, 111.39%, 86.88%, 76.61% and 80.54% of our total expenses during such periods, respectively. We procure raw materials from our suppliers based on purchase orders and we do not have any purchase agreements or firm commitments executed with them. We procure ballistic fabrics from DuPont Specialty Products India Private Limited and have been working with them for over five years.

Utilities

Our manufacturing operations require adequate supply of electricity and water. We primarily source our electricity requirements from local power authorities and diesel generator sets. We currently source our water through a combination of ground water, rainwater harvesting and local body water supplies. See, "***Risk Factors - We have power and fuel requirements and any disruption to power or fuel sources could increase our production costs and adversely affect our business, financial condition, cash flows and results of operations.***" on page 50.

Logistics and Transportation

We rely on third parties for the transportation services for the timely delivery of our products to our customers located in India and other countries. We use different modes of transportation, including road, air, rail and sea for our domestic and overseas operations. We engage third-party logistic service providers for our transportation requirements on a need basis.

Job Work

Our Company undertakes a portion of its production by way of outsourced manufacturing on a job work basis to third parties. These include finishing and polishing charges, fabric weaving, stitching, fabric coating, sand blasting, cutting and printing. During the three months ended June 30, 2024 and June 30, 2023 and Fiscals 2024, 2023 and 2022, the total production undertaken by way of job work were ₹ 20.72 million, ₹ 28.82 million, ₹ 133.85 million, ₹ 76.99 million, and ₹ 45.19 million, respectively

Quality Control

We focus on process and product quality in our manufacturing operations. We adhere to strict quality control processes and standards, ensuring every product meets appropriate quality and safety standards. We have the ISO 9001:2015 certification for quality management systems as well as the AQAP 2110:2016 certification for our management system. As of June 30, 2024, we employed five personnel in quality control functions across our operations. We also have an in-house testing facility for our products (except ballistic testing) and our final products are tested in NABL accredited or government laboratories.

Environment, Health and Safety

We adhere to the environment, health and safety regulations and standards set forth by Indian regulatory authorities. We are committed to providing a safe and healthy working environment to our employees. We have received ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management system) certifications for our operations.

Information Technology

Our IT systems are vital to our business and we have adopted IT policies to assist us in our operations. The key functions of our IT team include establishing and maintaining enterprise information systems and infrastructure services to support our business requirements, maintaining secure enterprise operations through, among others, risk assessment and incident management policies. We have the ISO 27001 certification for information security management. Also, see "***Risk Factors – Technology failures could disrupt our operations and adversely affect our business operations and financial performance.*"** on page 54.

Intellectual Property

As of the date of this Draft Red Herring Prospectus, we have one registered trademark under class 9 with the Registrar of Trademarks under the Trademarks Act, 1999. Further, as of the date of this Draft Red Herring Prospectus, we have four patents granted in India and one patent granted in the United States of America. We have applied for four patents in India and one patent each in Thailand and Philippines which are pending approval. Additionally, we have four designs registered in India and have applied for two designs in India, which are pending approval. For further details, see "***Government and Other Approvals – Intellectual Property***" on page 381. Also, see, "***Risk Factors – If we fail to protect or incur significant costs in defending our intellectual property or if we infringe the intellectual property rights of others, our business, results of operation and financial condition could be adversely affected.***" on page 47.

Furthermore, pursuant to two patent assignment agreements, each dated October 17, 2024, our Promoter, Asish Kansal has assigned (i) patents granted for protective ballistic helmets, protective band for ballistic helmets, protective ceramic-based ballistic helmet-shaped semi-spherical shell, bidirectional dynamic load distribution system, multi-impact monolithic ballistic armour plate, and boltless ballistic shield and shield system for an aggregate consideration of ₹ 782.6 million (excluding GST) (based on valuation report dated June 30, 2024); and (ii) patents applied for Sikh helmets (i.e., helmet to accommodate hair bun of our Company), to our Company for an aggregate consideration of ₹ 1.00 (excluding GST). Pursuant to the patent assignment agreements, our Company has acquired full right, title, interest and ownership of the granted patents and the underlying inventions from Ashish Kansal. Prior to the Patent Assignment Agreements, our Company paid royalty to Ashish Kansal for the use of the patents covered thereunder pursuant to royalty agreement dated April 1, 2021 ("**Royalty Agreement**"), pursuant to which our Company paid ₹ 8.71 million and ₹0.37 million as royalty fees during Fiscals 2024 and 2023, respectively to our Promoter.

Insurance

Our operations are subject to risks inherent in the manufacturing of defence equipment, such as work accidents, explosions including hazards that may cause severe damage, including the physical destruction of property, breakdown of machinery and other force majeure events. We maintain insurance cover for our properties, including building, furniture and fixture, plant machinery stock and stock in process, raw material stock, bundled car policy, private car package policy insurance and insurance of stock of raw material, plant and machinery and finished goods including bullet proof resistant items. We also maintain a public liability act policy to cover product liability risk and insurance policies covering directors' and officers' liability. For further information on risks related to our insurance policies, see "***Risk Factors – Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage which may impact on our financial condition, cash flows and results in operations***." on page 51.

Competition

The defence industry is highly competitive. Our primary competitors are MKU Limited, Tata Advance Systems Limited, Star Wire (India) Limited, Troop Comforts Limited, Kalyani Strategic Systems Limited, Adani Defence Systems and Technologies Limited, Munitions India Limited, Premier Explosive Limited, Hindustan Aeronautics Limited, Bharat Electronics Limited, Solar Industries India Limited, Data Patterns (India) Limited, Mtar Technologies Limited, Astra Microwave Products Limited and Bharat Dynamics. (*Source: 1Lattice Report*) For more information, see "***Industry Overview***" on page 137.

Human Resources

As of June 30, 2024, we have 88 permanent employees. The table below sets forth details of our permanent employees, as of June 30, 2024:

S. No.	Particulars	Number of Employees as of June 30, 2024
1.	Management	5
2.	Sales and Marketing	19
3.	Finance and Accounts	5
4.	HR and Administration	7
5.	Product Design and Development	6
6.	Production	43
7.	Project Management	3
Total		**88**

Our employees are not unionised into any labour or workers' unions and have not experienced any major work stoppages due to labour disputes or cessation of work during the three months ended June 30, 2024 and the last three Fiscals. During the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, our employee benefits expenses were ₹ 19.09 million, ₹ 13.08 million, ₹ 66.03 million, ₹ 46.18 million, and ₹ 36.47 million, respectively.

The following table sets forth the attrition rate in the years/ periods indicated:

Particulars	As of/ for the three months ended June 30, 2024	As of/ for the three months ended June 30, 2023	As of/ for the year ended March 31, 2024	As of/ for the year ended March 31, 2023	As of/ for the year ended March 31, 2022
Number of employees	88	73	79	69	61
Number of employees exited	3	2	10	6	11
Attrition rate*	15.16%	11.75%	13.51%	9.23%	18.49%

**Attrition rate is calculated as number of exits divided by average number of employees in the relevant year/ period.*

Also, see "***Risk Factors – We depend on our senior management and qualified and skilled personnel with technical expertise, and if we are unable to recruit and retain senior management, qualified and skilled personnel, our business and our ability to operate or grow our business may be adversely affected.***" on page 49.

Corporate Social Responsibility

We have constituted a Corporate and Social Responsibility Committee of our Board and have adopted and implemented a CSR policy, pursuant to which we carry out our CSR activities. Our CSR initiatives are aligned with the requirements under the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. We strive to meet our commitment towards the community by committing our resources and energies to social development. Our CSR initiatives include promoting health care including preventive health care and sanitation, education, gender equality, environmental sustainability, and community development. During the three months ended June 30, 2024 and June 30, 2023 and Fiscals 2024, 2023 and 2022, our corporate social responsibility related expenses were ₹ 7.34 million, ₹ 4.91 million, ₹ 19.65 million, ₹ 21.08 million and 8.87 million representing 0.50%, 0.90%, 0.38%, 0.60% and 0.24% of our revenue from operations, respectively.

Properties

Our premises comprise our Registered Office, our Corporate Office and Palwal Manufacturing Facility. The table below sets forth details of material premises of our Company:

S No.	Purpose	Location	Leased/ Owned
Office premises			
1.	Registered Office	Sunilaya Railway Road, Sangrur 148 001, Punjab, India	Owned
2.	Corporate Office	SM House, 29, Okhla Industrial Estate, Okhla Phase III, New Delhi 110 020, Delhi, India	On a leasehold basis from one of our members of the Promoter Group entities, namely, Wiseman Systems Private Limited, in which Dr. Shiv Chand Kansal holds 50.00% of share capital for a monthly rent of ₹ 2.00 million pursuant to lease deed dated April 1, 2024, executed between our Company and Wiseman Systems Private Limited for a term of nine years
3.	Office space	Second Floor, No. 48/10, Block E, Okhla Industrial Area Phase II, New Delhi 110 020, Delhi, India	On a leasehold basis from Dr. Madhu Kansal for a monthly rent of ₹ 0.10 million pursuant to lease deed dated May 13, 2022 executed between our Company and Dr. Madhu Kansal for a term of nine years
4.	Office space	M-17, South Extension Part II, New Delhi 110 049, Delhi, India	On a leasehold basis from Dr. Shiv Chand Kansal for a monthly rent of ₹ 5,000 pursuant to lease deed dated April 1, 2024 executed between our Company and Dr. Shiv Chand Kansal for a term of nine years.
Manufacturing Facility			
1.	Manufacturing Facility	Village Agwanpur, Palwal, Haryana	A portion on a leasehold basis from Dr. Shiv Chand Kansal for a monthly rent of ₹ 0.10 million pursuant to lease deed dated May 13, 2022 executed between our Company and Dr. Madhu Kansal for a term of nine

S No.	Purpose	Location	Leased/ Owned
			years

Further, we are in the process of establishing a manufacturing facility in Solan, Himachal Pradesh to manufacture ammunition for the armed forces. Pursuant to a lease deed dated March 1, 2024, we have been allotted certain industrial land admeasuring approximately 3,237,600 sq. mts. (approximately 800 acres) on a leasehold basis for a period of 95 years.

Also, see, "***Risk Factors – Our Corporate Office and a portion of our manufacturing facility are not located on land owned by us and we have only leasehold rights. In the event we lose or are unable to renew such leasehold rights, our business, financial condition and results of operations may be adversely affected***." on page 55.

KEY REGULATIONS AND POLICIES IN INDIA

The following is an overview of certain key industry specific relevant laws and regulations in India which are applicable to the operations of our Company. The information in this section has been obtained from legislations, including rules, regulations, guidelines and circulars promulgated and issued by regulatory bodies that are available in the public domain. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions.

I. Industry specific legislations

Defence Acquisition Procedure 2020, as amended ("DAP")

The Department of Ministry of Defence ("**MoD**") has announced the DAP which has come into effect from October 1, 2020 and has superseded the Defence Procurement Procedure, 2016. The DAP will remain in force until September 30, 2025 or until revised by the MoD. The DAP focuses on indigenous production and turning India into a global manufacturing hub of weapons and military platforms. DAP has been aligned with the vision of the Government's Aatmanirbhar Bharat (self-reliant India) initiative and aims to empower Indian domestic defence industry through 'Make in India' projects. The Department of Military Affairs, ("**DMA**"), MoD has prepared a list of 101 items for which there would be an embargo on the import (Import Embargo List), as set out in the press release dated August 9, 2020 issued by MoD. This list comprises of not just simple parts but also some high technology weapon systems such as artillery guns, assault rifles, corvettes, sonar systems, transport aircrafts, light combat helicopters (LCHs), radars and many other items to fulfil the needs of our defence services. Further, the DAP aims to develop India into a global hub for defence manufacturing and has been aligned to encourage foreign companies to set up in India. Additionally, the DAP contains detailed guidelines, inter alia, in relation to: (i) acquisition categories, acquisition planning and indigenous content; (ii) acquisition procedures for categories under 'Buy' and 'Buy and Make' schemes; (iii) procedure for procurement under 'Make' and 'Innovation' categories; and (iv) procedure for acquisition of systems designed and developed by the DRDO/DPSUs/OFB; (v) fast track procedure; (vi) standardization of contract document; (vii) revitalising defence industrial ecosystem through strategic partnerships; (viii) acquisition of system products and information and communication technology systems; (ix) leasing; (x) other capital procurement procedure; (xi) post contract management; and (xii) procedure for defence ship building. It also contains guiding principles on the intellectual property rights of the government in 'Make-I' projects, which are funded by the MoD. The government reserves the right to work patents, either by itself or by another entity on its behalf, when a contractor fails to work the patent within a reasonable period of time.

The DAP outlines the defence offset policy, which is aimed at leveraging capital acquisitions and technology to develop the Indian defence industry by fostering development of internationally competitive enterprises and augmenting capacity for research, design and development related to defence products. Provisions on offsets would be applicable to 'Buy (Global)' categories of procurement, where the estimated acceptance on necessity cost is ₹ 20,000 million or more. If an Indian vendor participating in the 'Buy (Global)' category fails to meet the minimum requirement of 30% indigenous content ("**IC**") in the product, it would be required to discharge offsets. The required value of such offset obligations would be 30% of the estimated cost of the acquisition. The DAP will remain in force till September 30, 2025 or till reviewed.

Draft Defence Production & Export Promotion Policy, 2020 as amended ("Draft DPEPP")

The MoD released the Draft DPEPP to provide further impetus to realise the goal of self-reliance under the goal of Aatmanirbhar Bharat, which is to develop a dynamic, robust and competitive defence industry, including aerospace and naval shipbuilding industry, to cater to the needs of armed forces, along with giving end to end solutions ranging from design to production, with active participation from the public and private sectors, thus fulfilling the twin objectives of self-reliance as well as exports. The Draft DPPEP aims to implement measures so as to achieve a turnover of ₹ 1,750,000 million (US$ 25 billion) including export of ₹ 350,000 million (US$ 5 billion) in aerospace and defence goods and services by 2025 Further, its objective is to reform as well as standardize defence procurement by providing support to micro, small and medium enterprises/ start-ups in order to indigenize the manufacturing of imported components. Additionally, the Draft DPPEP has the following goals: (i) to reduce dependence on imports and take forward the "Make in India" initiative through domestic design and development; (ii) to promote export of defence products and become part of the global defence value chains; (iii) to create an environment that encourages research and development, rewards innovation, creates Indian intellectual property ownership and promotes a robust and self-reliance defence industry; (iv) enhance investment promotion with the association of the Ministry of Civil Aviation by offering incentives to global and domestic original equipment manufacturers to set up design and manufacturing facilities in India; and (v) liberalize foreign direct investment in the defence sector for attracting global original equipment manufacturers to shift manufacturing facilities and expand India's presence in international supply chains.

Industries (Development and Regulation) Act, 1951 ("Industries Act")

The Industries Act governs the development and regulation of certain industries in India, and its main objective is to empower the Government to: (i) take necessary steps for the development of certain industries; (ii) regulate the pattern and direction of industrial development; and (iii) control the activities, performance, and results of industrial undertakings in public interest. The Industries Act is applicable to the 'Scheduled Industries' which have been listed down in the first schedule of the Industries Act. The Industries Act requires every person or authority to obtain a license for establishing any new industrial undertaking. The Industries Act is administered by the Ministry of Industries and Commerce through the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("**DPIIT**") which is responsible for the formulation and implementation of promotional and developmental measures for growth of the industrial sector and also monitors the industrial growth and production, in general, and selected industrial sectors.

The Arms Act, 1959 as amended ("Arms Act") and the Arms Rules, 2016 as amended ("Arms Rules")

The Arms Act read along with the Arms Rules regulates the manufacture, acquisition, sale, possession, use, transfer, transport, conversion, repair, test, proof, import and export of firearms and ammunition ("**subject activities**"). Under the Arms Act, "arms" refers to any article designed as a weapon for offence or defence and includes firearms. The primary objective of the Arms Act is to ensure public safety and prevent the misuse of arms. The Arms Act empowers licensing authorities to issue licenses for carrying out the subject activities and establishes standards for their safe handling and storage. The Arms Act requires a license from the licensing authority designated under the Arms Act for manufacture of any arms as may be prescribed, or ammunition. In furtherance of the purpose of the Arms Act, the Central Government has notified the Arms Rules, which outline the classification, categorization, and procedures for obtaining authorizations for carrying out the subject activities. The Arms Act also prescribes various penalty provisions for the carrying out the subject activities in contravention of the Arms Act.

Explosives Act, 1884 as amended ("Explosives Act") and the Explosives Rules, 2008 as amended ("Explosives Rules")

The Explosives Act read along with the Explosives Rules regulates the manufacturing, possession, use, sale, transportation, export and import of explosives. Under the Explosives Act, "explosive" means inter alia any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect. The primary objective of this Explosives Act is to ensure public safety and prevent misuse of explosives. The Explosives Act empowers authorities to issue licenses for manufacturing, possession, usage, sale, transportation, export and import of explosives and sets standards for safe handling and storage. In furtherance to the purpose of the Explosives Act, the Central Government has notified the Explosive Rules which sets out the classification, categorization and procedure for obtaining authorizations for the manufacture, import, export, transport, possess sell or use of any explosives. The Explosives Act sets out various penalty provisions for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Explosives Act.

Bureau of Indian Standards Act, 2016 ("**BIS Act**")

The BIS Act provides for the establishment of a national standards body for the harmonious development of activities of standardization, conformity assessment and quality assurance of goods, articles, processes, systems and services. The BIS Act provides for the functions of the BIS which includes, among others: (a) publishing, establishing, promoting and reviewing Indian standards; (b) adopting as Indian Standard, any standard, established by any other institution in India or elsewhere, in relation to goods, articles, processes, systems or services; (c) functions necessary for promotion, monitoring and management of the quality of goods, articles, processes, systems and services and to protect the interests of consumers and other stakeholder; and (d) undertake, support and promote research necessary for formulation of Indian standards.

The BIS Act empowers the Central Government to order, after consulting the Bureau, r compulsory use of standard mark for any goods or article if it finds it expedient to do so in public interest, national security, protection of human, animal or plant health, safety of environment or prevention of unfair trade practices. The BIS Act also provides penalties in case there is a contravention of the provisions of the BIS Act.

II. Labour and welfare related legislations

Factories Act, 1948, as amended (the "Factories Act")

The Factories Act defines a "factory" to cover any premises including precincts which employs 10 or more workers on any day of the preceding 12 months and in which a manufacturing process is carried on with the aid of power or any premises where at least 20 workers are employed, and where a manufacturing process is carried on without the aid of power. Each State Government has enacted rules in respect of the prior submission of plans and their approvals for the establishment of factories and registration/licensing thereof. The Factories Act requires the 'occupier' of a factory to ensure the health, safety and welfare of all workers while they are at work in the factory. Further, the 'occupier' of a factory is also required to ensure (i) the safety and proper maintenance of the factory such that it does not pose health risks to persons in the factory premises; (ii) the safe use, handling, storage and transport of factory articles and substances; (iii) provision of adequate instruction, training, and supervision to ensure worker' health and safety; and (iv) cleanliness and safe working conditions in the factory premises. If there is a contravention of any of the provision of the Factories Act or rules framed thereunder, the 'occupier' and 'manager' of the factory as defined under the Factories Act may be punished with imprisonment or with a fine or both and enhanced penalties for repeat offences and contravention of certain provisions relating to the use of the hazardous materials.

Other labour law legislations

In order to rationalize and reform labour laws in India, the Government of India has framed four labour codes, namely:

(a) The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020, and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, and the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979. This code proposes to provide for, *among other things*, standards for health, occupational safety and working conditions for employees of establishments, and will come into effect on a date to be notified by the Central Government.

(b) The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020, and proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The Industrial Relations Code, 2020 will come into effect on a date to be notified by the Central Government.

(c) The Code on Wages, 2019 received the assent of the President of India on August 8, 2019. Through its notification dated December 18, 2020, the Government of India brought into force certain sections of the Code on Wages, 2019 pertaining to the central advisory board. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

(d) The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020. Through its notification dated April 30, 2021, the Government of India brought into force Section 142 of the Code on Social Security, 2020 which lays down that a person must have a valid Aadhaar in order to avail benefits or services under the code. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, and the Payment of Gratuity Act, 1972.

III. Intellectual Property Laws

The Trade Marks Act, 1999 (the "Trademarks Act")

The Trademarks Act governs the statutory protection of trademarks and prohibits any use of deceptively similar trademarks, among others. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as abrand, label and heading, and to obtain relief in case of infringement of registered trademarks. Indian law permits the registration of trademarks for both goods and services. Once granted, a trademark registration is valid for 10 years unless cancelled, subsequent to which, it can be renewed. If not renewed, the mark is removed from the register of trademarks and the registration is required to be restored.

The Patents Act 1970, as amended (the "Patents Act")

The Patents Act governs the patent regime in India. A patent under the Patents Act is an intellectual property right relating to inventions for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling and importing the patented product or process for producing that product for those purposes without his consent. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights, India is required to recognize product patents as well as process patents. In addition to the broad requirement that an invention must satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria.

The Designs Act, 2000 (the "Designs Act") and the Designs Rules 2001, as amended

The Designs Act prescribes for the registration of designs. The Designs Act specifically lays down the essentials of a design to be registered and inter alia, provides for application for registration of designs, copyright in registered designs, etc. A 'Design' means only the features of shape, configuration, pattern, ornament or composition of lines or colour applied to any article whether two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye, but does not include any mode or principle or construction or anything which is in substance a mere mechanical device, and expressly excludes works accorded other kinds of protection like property marks, trademarks and copyrights. Any person claiming to be the proprietor of a new or original design may apply for registration of the same before the Controller-General of Patents, Designs and Trade Marks. On registration, the registered proprietor of the design attains a copyright over the same. The duration of the registration of a design in India is initially ten years from the date of registration. No person may sell, apply for the purpose of sale or import for the purpose of sale any registered design or fraudulent or obvious imitation thereof.

IV. Foreign Investment and Trade Regulations

Foreign Exchange Laws

Foreign investment in India is governed by the provisions of FEMA Non-Debt Rules along with the FDI Policy issued by the DPIIT, from time to time. Further, the RBI has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 which regulate the mode of payment and reporting requirements for investments in India by a person resident outside India.

Under the current FDI Policy, infusion of fresh foreign investment up to 49%, in a company not seeking industrial license or which already has government approval for FDI, will need to submit a declaration with the Ministry of Defence in cases of: (a) change in equity/shareholding pattern; or (b) transfer of stake by existing investor to new foreign investor, within a period of 30 days of such change. Any proposal for raising FDI beyond 49% from such companies shall require government approval. In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instrument Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 49% under the automatic route and government approval route beyond 49%).

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, all investments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy.

Foreign Trade Policy (the "FTP") 2023

The foreign trade policy of India is governed and regulated by the Foreign Trade (Development and Regulation) Act, 1992, as amended ("**FTA**"). The FTA empowered the Central Government to make provisions for the development and regulation of foreign trade by way of facilitating imports into as well as augmenting exports from the country and in all other matters related to foreign trade. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. It is authorised to periodically formulate the FTP and amend it thereafter whenever it deems fit. All exports and imports are required to be in compliance with this policy. The FTP provides for certain schemes for the promotion of export of finished goods and import of inputs. The FTP shall continue to be in operation unless otherwise specified or amended. The FTA, read with the FTP, also provides that no person or company can make exports or imports without having obtained an importer exporter code number ("**IEC**") granted by the Director General of Foreign Trade, Ministry of Commerce ("**DGFT**") pursuant to Section 7 of the FTA unless exempted from doing so. Any person who makes any export or import in contravention of any provision of the FTA or any rules or orders made thereunder, or the foreign trade policy would become liable to a penalty of not less than ₹10,000 and not more than five times the value of the goods or services or technology in respect of which any contravention is made or is attempted to be made, whichever is made.

Customs Act, 1962 ("Customs Act"), the Customs Tariff Act, 1975 and rules made thereunder

The provisions of the Customs Act and rules made there under are applicable to imported goods i.e. goods brought into India from a place outside India (except goods cleared for home consumption) and export goods i.e. goods which are to be taken out of India to a place outside India. Imported goods and export goods are subject to duties of customs as specified under the Customs Tariff Act, 1975.

V. Other applicable legislations

In addition to the aforementioned material laws and regulations, which apply to our Company, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder and other applicable statutes promulgated by the relevant Central and State Governments including the central and state tax laws.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally incorporated as "S.M. Pulp Packaging Private Limited" as a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated October 18, 1985, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, at Jalandhar, Punjab, India. Pursuant to a resolution dated December 24, 2011 passed by our Board of Directors and resolution dated January 17, 2012 passed by our Shareholders, the name of our Company was changed to "SMPP Private Limited", to reflect a shift in our focus towards streamlining of our business to manufacturer defence equipment. Further, a fresh certificate of incorporation dated February 1, 2012, was issued by the RoC. Upon the conversion of our Company into a public limited company, pursuant to a resolution passed by our Board of Directors dated August 16, 2024, and resolution dated August 23, 2024 passed by the Shareholders, the name of our Company was changed to "SMPP Limited", and a fresh certificate of incorporation dated September 13, 2024 was issued by the Registrar of Companies, Central Processing Centre.

Changes in the Registered Office of our Company

There has been no change in the Registered Office of our Company since its incorporation.

Main objects of our Company

The main objects contained in the Memorandum of Association of our Company are as set forth below:

"1. To manufacture, buy, sell, import, export or otherwise deal in Bullet Proof and Bullet Resistant products like jackets/vests, suits, helmets, panels, plates, ceramic plates, protective gears, vehicle armours, helicopter/ aerospace armours, armours for naval vessels etc.

2. To manufacture, buy, sell, import, export, or otherwise deal in various kinds of ammunition, explosives, propellants, high energy materials, components for ammunition, fuses, primers, combustible cartridge cases, metal casings, shells, charges etc.

3. To manufacture, buy, sell, import, export, provide or otherwise deal in any and all products including those for surveillance and communication monitoring for defence forces, armed forces, police and paramilitary forces and other security forces.

4. To manufacture, buy, sell, import, export or otherwise deal in paper mouldings, paper moulded products, egg trays, apple trays, wire bottle packs, meat trays, packages, containers, packing material, binding material, corrugated boxes, Paper boxes, card board and wooden boxes, metal, plastic and glass containers, glass bottles, glass ware, potteries and earthen wares.

5. To manufacture, buy, sell, import, export or otherwise deal in paper of all kind and every color, kraft paper, liner paper, printing and writing paper, specialty paper, tissue paper, wrapping and packing paper and articles made from paper or pulp plastics and materials used in manufacture or treatment of paper including card and paper board, mill board, straw board and wall ceiling paper.

6. To provide computer software and hardware solutions, software development, networking radio frequency identification devices and other IT enabled services."

Amendments to our Memorandum of Association in the last 10 years

Set forth below are the amendments to our Memorandum of Association in the last 10 years:

Date of Shareholder's resolution	Details of the amendments
January 15, 2020	Clause (III)(A) was amended to include the following additional main object III(A)(4): "*To carry on the Business of Design, Development Upgrade, Refurbishment and procurement of Rockets and Missiles and Ammunition (20mm and above) fired from Tank, artillery, Helicopter, Aircraft and Naval Crafts.*"

Date of Shareholder's resolution	Details of the amendments
October 30, 2023	Clause (V) was amended to reflect reclassification and increase in authorized share capital from ₹ 2000,000 divided into 20,000 equity shares of ₹ 100 each to ₹ 400,000,000 divided into 20,000 equity shares of ₹ 100 each and 19,90,00,000 equity shares of ₹ 2 each.
November 24, 2023	Clause (V) was amended to reflect reclassification and sub-division of authorized share capital from ₹ 400,000,000 divided into 20,000 equity shares of ₹ 100 each and 19,90,00,000 equity shares of ₹ 2 each to ₹ 400,000,000 divided into 200,000,000 equity shares of ₹ 2 each.
August 23, 2024	Clause (III)(A) was amended and substituted with the following main objects: *"1. To manufacture, buy, sell, import, export or otherwise deal in Bullet Proof and Bullet Resistant products like jackets/vests, suits, helmets, panels, plates, ceramic plates, protective gears, vehicle armours, helicopter/ aerospace armours, armours for naval vessels etc.* *2. To manufacture, buy, sell, import, export, or otherwise deal in various kinds of ammunition, explosives, propellants, high energy materials, components for ammunition, fuses, primers, combustible cartridge cases, metal casings, shells, charges etc.* *3. To manufacture, buy, sell, import, export, provide or otherwise deal in any and all products including those for surveillance and communication monitoring for defence forces, armed forces, police and paramilitary forces and other security forces.* *4. To manufacture, buy, sell, import, export or otherwise deal in paper mouldings, paper moulded products, egg trays, apple trays, wire bottle packs, meat trays, packages, containers, packing material, binding material, corrugated boxes, Paper boxes, card board and wooden boxes, metal, plastic and glass containers, glass bottles, glass ware, potteries and earthen wares.* *5. To manufacture, buy, sell, import, export or otherwise deal in paper of all kind and every color, kraft paper, liner paper, printing and writing paper, specialty paper, tissue paper, wrapping and packing paper and articles made from paper or pulp plastics and materials used in manufacture or treatment of paper including card and paper board, mill board, straw board and wall ceiling paper.* *6. To provide computer software and hardware solutions, software development, networking radio frequency identification devices and other IT enabled services."*
October 5, 2024	Clause (V) was amended to reflect increase in authorized share capital from ₹ 400,000,000 divided into 200,000,000 equity shares of ₹ 2 each to ₹ 1,300,000,000 divided into 650,000,000 equity shares of ₹ 2 each.

Major events and milestones

The table below sets forth some certain key events and milestones in our history:

Calendar Year	Milestone
1985	Incorporated S.M. Pulp Packaging Private Limited for manufacturing of pulp packaging materials in Sangrur, Punjab
1991	Received our first customer order in defence manufacture for supply of semi-combustible cartridge cases of 120 mm and 125 mm
1992	Received license from the Department of Industrial Development, Government of India for manufacture of combustible cartridge cases and components requiring explosive raw material
	Commenced manufacture of combustible cartridge cases of 120 mm ammunition at our Palwal Manufacturing Facility
2008	Received industrial license by the Department of Industrial Policy & Promotion, Ministry of Commerce and industry Government of India, for the manufacturing of bullet proof vest/jacket, vehicle armour and aircraft/helicopter armour as new articles to its existing undertaking, as an addition to its subsisting industrial license
	Commenced manufacturing protection products such as bullet proof jackets, vests, helmets, panels and plates in the Manufacturing Facility
2016	Started export of air platform armor solutions comprising of ceramics kits for helicopter armoring
2018	Received the order for 186,138 bullet resistant jackets against a contract with Government of India
2021	Incorporation of our Subsidiary, namely, SMPP Ammunition Private Limited.
2022	Land allotment at Plot No. 01, Industrial Area, Lakhanpur, Tehsil Nalagarh, District Solan, Himachal Pradesh, India for our Subsidiary

Calendar Year	Milestone
	Supplied 186,138 bullet resistant jackets against a contract with the Government of India
2023	Our Subsidiary was issued an Arms License by the DPIIT to undertake manufacturing of 125 mm, 125 mm mortar, 120 mm tank, 81 mm, 155 mm, 130 mm, 105 mm, 40 mm, 30 mm ammunitions

Key awards, accreditations and recognition

The table below sets forth certain key awards, accreditations and recognition received by our Company:

Calendar Year	Awards, accreditations and recognition
1998	National Award for Indigenisation for the year 1996-1997 from the Department of Defence Production and Supplies, Ministry of Defence, Government of India
2018	Defence Technology Absorption Award for the year 2016 from Department of Defence R&D, Ministry of Defence, Government of India
2020	SIDM Championship Award for technology product innovation to address defence capability gaps
2021	Recognised by the Ministry of Defence, Government of India for the supply of 100,000th bullet proof jacket to Indian Armed Forces, four months ahead of delivery schedule
2022	BIS certification as per BIS 17051:2018 standards for bullet resistant jackets
2023	Award for being one of the Top 10 Defence Manufacturers by Industry Outlook.
2024	BA 9000:2016 (quality management system for various products) certification and NIJ compliance (certain of our models have been approved as per NIJ 0101.06 and have been listed on the Compliant Product List of National Institute of Justice, USA)

Significant financial and strategic partnerships

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partnerships.

Time/cost overrun in setting up projects

As on the date of this Draft Red Herring Prospectus, there has been no time or cost over-run in setting up any projects.

Defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks

As on the date of this Draft Red Herring Prospectus, there has been no instance of rescheduling/ restructuring of borrowings with financial institutions/ banks.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/facility creation, location of projects

For details of launch of key products or services, entry in new geographies or exit from existing markets, capacity or facility creation and the location of plants, see "***Our Business***" on page 211.

Capacity/facility creation or location of plants

For details regarding capacity/facility creation and location of plants of our Company, see "***Our Business***" on page 211.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

Our Company has not made any material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Guarantees provided to third parties by our Promoter Selling Shareholder offering their Equity Shares in the Offer for Sale

Except as set forth below, as on the date of this Draft Red Herring Prospectus, no guarantee has been provided by our Promoter Selling Shareholder to any third parties:

S. No.	Promoter Selling Shareholder who has provided guarantee	Guarantee issued in favour of	Guaranteed amount (in ₹ million)	Borrower	Period of guarantee	Financial implication in case of default	Obligations on our Company	Security available in relation to borrowings for which guarantee has been issued	Reason for the guarantee	Consideration
1.	Dr. Shiv Chand Kansal	State Bank of India	621.20	SMPP Limited	Till all the loan obligation have been repaid in full	Personally liable to the extent of guarantee value	Nil	Hypothecation and/or pledge of borrowers' movable properties	Creation of capital facilities	Nil
2.	Dr. Shiv Chand Kansal	Yes Bank Limited	600.00	SMPP Limited	Till all the loan obligation have been repaid in full	Personally liable to the extent of guarantee value	Nil	Hypothecation and/or pledge of borrowers' movable properties	Creation of capital facilities	Nil

For further details see, "***Financial Indebtedness***" on page 343.

Details of shareholders' agreements and other material agreements

As on the date of this Draft Red Herring Prospectus, there are no subsisting arrangements or agreements, deeds of assignment, acquisition agreements, shareholders' agreements, inter-se agreements, any agreements between our Company, our Promoters, and Shareholders, or agreements of like nature or agreements comprising any clauses/covenants which are material to our Company, and which are required to be disclosed, or the non-disclosure of which may have a bearing on the investment decision of prospective investors in the Offer. Further, there are no other clauses/covenants which are adverse or prejudicial to the interest of the minority/public shareholders of our Company. As on the date of this Draft Red Herring Prospectus, our Shareholders and our Promoters (including the Promoter Selling Shareholder) do not hold any special rights in our Company.

Agreements with Key Managerial Personnel or Senior Management or Directors or Promoters or any other employee

As on date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel, Senior Management, Promoters or Directors or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Holding company

As on the date of this Draft Red Herring Prospectus, our Company has no holding company.

Subsidiaries, joint ventures and associates

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures or associates. As on the date of this Draft Red Herring Prospectus, our Company has one Subsidiary, SMPP Ammunition Private Limited.

SMPP Ammunition Private Limited

Corporate Information

SMPP Ammunition Private Limited ("**SMPP Ammunition**") was incorporated as a private limited company on

November 2, 2021 under the Companies Act, 2013 with the RoC. Its CIN is U29309PB2021PTC054622, and its registered office is situated at C/o, SM PULP Village Sibian, Jind Road, Sangrur 148 001, Punjab, India.

Nature of Business

SMPP Ammunition is authorized to engage in the business of arms and ammunition manufacturing. See, *"**Objects of the Offer - Financing the capital expenditure towards procurement and installation of plant and machinery for setting up the Ammunition Project through investment in our Subsidiary**"* on page 105,

Capital Structure

The authorised, issued and paid-up share capital of SMPP Ammunition is ₹ 2,000,000 divided into 20,000 equity shares of ₹ 100 each.

Shareholding Pattern

S. No.	Name of shareholders	No. of equity shares of ₹ 100 each	Percentage of share capital (%)
1.	SMPP Limited*	20,000	100.00
	Total	20,000	100.00

**One equity share of our Subsidiary is held by Dr. Madhu Kansal, on behalf of our Company, which is the beneficial owner of such equity share.*

As on the date of this Draft Red Herring Prospectus, SMPP Ammunition is not listed in India or abroad.

Amount of accumulated profits or losses

There are no accumulated profits or losses of SMPP Ammunition that have not been accounted for by our Company in the Restated Consolidated Financial Information.

Interest in our Company

Except in the ordinary course of business and other than the transactions disclosed in *"**Restated Consolidated Financial Information – Note 40 – Related Party Transactions**"* on page 318, our Subsidiary has no business interests in our Company.

Common pursuits

As on the date of this Draft Red Herring Prospectus, our Subsidiary is authorized to engage in similar business to that of our Company, and accordingly there may be common pursuits between our Company and our Subsidiary. Our Company will adopt necessary procedures and practices as permitted by law to address any situations of conflict of interest, if and when they arise. However, there is no conflict of interest between our Company and our Subsidiary as on the date of this Draft Red Herring Prospectus.

OUR MANAGEMENT

Under the Articles of Association, our Company is authorised to have a minimum of three Directors and a maximum of up to 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises six Directors, of whom three are Whole-time Directors and three are Non-Executive Independent Directors, including one woman Non-Executive Independent Director.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

Name, designation, term, period of directorship, address, occupation, date of birth, age and DIN	Age (in years)	Directorships in other companies
Dr. Shiv Chand Kansal *Designation:* Chairman and Managing Director *Term:* Five years with effect from August 23, 2024 *Period of directorship:* Director since October 18, 1985 *Address*: M-17, South Extension Part II, New Delhi 110 049, Delhi, India *Occupation*: Business *Date of birth*: August 14, 1948 *DIN*: 00048385	76	*Indian Companies* • Kansal Auto Spares Private Limited; • SMPP Ammunition Private Limited; and • Sopan Properties Private Limited *Foreign Companies* Nil
Dr. Madhu Kansal *Designation:* Whole-time Director *Term:* Five years with effect from August 23, 2024 *Period of directorship:* Director since October 18, 1985 *Address*: M-17, South Extension Part II, New Delhi 110 049, Delhi, India *Occupation*: Business *Date of birth*: November 1, 1951 *DIN*: 00736029	72	*Indian Companies* • Kansal Auto Spares Private Limited; and • SMPP Ammunition Private Limited. *Foreign Companies* Nil
Ashish Kansal *Designation:* Whole-time Director and Chief Executive Officer *Term:* Five years with effect from August 17, 2024 *Period of Directorship:* Director since August 17, 2024 *Address*: M-17, South Extension Part II, New Delhi 110 049, Delhi, India *Occupation:* Business *Date of Birth:* November 19, 1979 *DIN*: 00047579	44	*Indian Companies* • Innovative Techtex Private Limited; • Kansal Auto Spares Private Limited; • Macario Technologies Private Limited; and • Sopan Properties Private Limited. *Foreign Companies* Nil
Dr. Ajay Kumar	62	*Indian Companies* • Cyient DLM Limited;

Name, designation, term, period of directorship, address, occupation, date of birth, age and DIN	Age (in years)	Directorships in other companies
Designation: Non-Executive Independent Director *Term:* Five years with effect from September 13, 2024 *Period of Directorship:* Director since September 13, 2024(1) *Address:* C 90, Anand Niketan, South Moti Bagh, South West Delhi 110 021, New Delhi, India *Occupation:* Professional *Date of Birth:* October 2, 1962 *DIN:* 01975789		• Dynamatic Technologies Limited; • Electrosteel Castings Limited; • Mounttech India Ventures Private Limited • Sify Infinit Spaces Limited; and • Sify Technologies Limited *Foreign Companies* Nil
Mahima Gupta *Designation:* Non-Executive Independent Director *Term:* Five years with effect from September 13, 2024 *Period of Directorship:* Director since September 13, 2024(1) *Address:* A-1405, Ashok Gardens, Tokershi Jivraj Road, Sewri, Mumbai 400 015, Maharashtra, India *Occupation:* Professional *Date of Birth:* April 9, 1978 *DIN:* 10746528	46	*Indian Companies* Nil *Foreign Companies* Nil
Dr. Manoj Gupta *Designation:* Non-Executive Independent Director *Term:* Five years with effect from September 13, 2024 *Period of Directorship:* Director since September 13, 2024(1) *Address:* Flat No. 101, Terraza, New DP Road, Near Medipoint Hospital, Aundh, Pune 411 007, Maharashtra, India *Occupation:* Professional *Date of Birth:* September 20, 1960 *DIN:* 10749760	64	*Indian Companies* Nil *Foreign Companies* Nil

(1) Regularised by a Resolution of our Board dated September 20, 2024.

Brief profiles of our Directors

Dr. Shiv Chand Kansal is one of the Promoters and the Chairman and Managing Director of our Company. He has been associated with our Company as a Director since incorporation. He is responsible for providing strategic direction, setting governance standards and overall business decision making in our Company. He holds a bachelor's degree in chemical engineering from Panjab University and a master's degree in chemical engineering from the Indian Institute of Technology, Bombay. He has completed a diploma course in project management from Punjabi University. He holds a doctorate in philosophy from the Indian Institute of Technology, Bombay. He is an associate member of the Indian Institute of Chemical Engineers. He has over 33 years of experience in the defence manufacture industry with our Company.

Dr. Madhu Kansal is one of the Promoters and a Whole-time Director of our Company. She oversees people and finance management functions of our Company. She has been associated with our Company as a Director since incorporation. She holds a bachelor's degree in science (zoology), master's degree in science (zoology) and a doctorate of philosophy from Panjab University. She has passed an examination for certificate course in German from Panjab University. She has over 33 years of experience in the defence manufacture industry with our Company.

Ashish Kansal is one of the Promoters and was appointed as a Whole-time Director and the Chief Executive Officer of our Company with effect from August 17, 2024. He oversees our Company's day to day operations and is also responsible to implement business strategy and plans of our Company. He has been employed with our Company since April 1, 2003. He is the co-chair of FICCI defence & homeland security, chair of FICCI sub group on defence exports under the FCCI defence and HLS committee. Further, he is an elected as an executive council member of Society of Indian Defence Manufacturers. He holds a bachelor's degree in textile technology from the Indian Institute of Technology, Delhi and a master's degree in science from the Georgia Institute of Technology. He has over 20 years of experience in the defence manufacture industry with our Company.

Dr. Ajay Kumar is a Non-Executive Independent Director of our Company with effect from September 13, 2024. He holds a bachelor's degree in electrical engineering from the Indian Institute of Technology-Kanpur and a master's degree in science from the University of Minnesota. Further, he has a doctorate in philosophy from the University of Minnesota. Previously, he held the position of defence secretary in the ministry of defence, government of India. He has served as secretary in department of defence production. He is the founder and chairman of Mounttech Growth Fund. Further, he held a position of additional secretary in the ministry of communication and information technology, government of India. He is a distinguished visiting professor in the department of management sciences in Indian Institute of Technology-Kanpur. He has over 34 years of experience as a civil servant.

Mahima Gupta is a Non-Executive Independent Director of our Company with effect from September 13, 2024. She holds a bachelor's degree in textile technology from the Indian Institute of Technology-Delhi and a post graduate diploma in management from the Indian Institute of Management-Bangalore. Previously, she was associated with Saxo Group India Private Limited, Sapient Consulting Private Limited, Standard Chartered Bank and Thoughtworks Technologies (India) Private Limited. She has several years of experience in financial services.

Dr. Manoj Gupta is a Non-Executive Independent Director of our Company with effect from September 13, 2024. He holds a bachelor's degree in science from Garhwal University and doctoral degree in philosophy (chemistry) from the University of Pune. He has completed a certification course on key strategies for success in projects: best practices from business leaders from the Institute of Technology Management. He has also been awarded a commendation certificate in recognition of the significant contributions made to the Defence Research and Development Organisation's integrated guided missiles programme in 1989. He has been awarded with the Agni Award for self-reliance in 2011, 2012 and 2017 from the Defence Research and Development Organisation. Additionally, he has been awarded with the Laboratory Scientist of the Year Award in 2001 and 2010 from the DRDO. He was previously associated with the High Energy Materials Research Laboratory, Pune which is one of the units of the Defence Research and Development Organisation where his last held position was scientist "H" / OS. He has over 30 years of experience in defence research and development.

Relationship between our Directors, Key Managerial Personnel and Senior Management

Except as set forth below, none of our Directors are related to each other or to any of the Key Managerial Personnel or Senior Management:

Name of the Director/Key Managerial Personnel/Senior Management	Relative	Nature of Relationship
Dr. Shiv Chand Kansal *Chairman and Managing Director*	Dr. Madhu Kansal	Wife
	Ashish Kansal	Son
Dr. Madhu Kansal *Whole-time Director*	Dr Shiv Chand Kansal	Husband
	Ashish Kansal	Son
Ashish Kansal *Whole-time Director and Chief Executive Officer*	Dr. Madhu Kansal	Mother
	Dr Shiv Chand Kansal	Father

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Directors have been appointed.

Terms of appointment of our Directors

Dr. Shiv Chand Kansal

Dr. Shiv Chand Kansal is the Chairman and Managing Director of our Company. He has been associated with our Company as a Director since incorporation. He was last re-appointed as the Chairman and the Managing Director of the Company pursuant to resolution passed by our Board of Directors dated August 23, 2024 and resolution passed by our Shareholders dated August 31, 2024, for a period of five years. With effect from July 1, 2024, in accordance with which, he is entitled to the following remuneration and other employee benefits:

Particulars	**Amount (in ₹ million)**
Basic salary	18.00
Perquisites	Perquisite(s) as may be allowed under the Income-tax Act, 1961 not exceeding ₹ 0.60 million in a Financial Year.
Increment	Effective July 1 each year, annual increment as may be decided by our Board from time to time based on the recommendation of our Nomination and Remuneration Committee, within the overall permissible limit as prescribed under the Companies Act, 2013.
Other Payables	a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; b. Gratuity payable as per the payment of Gratuity Act, 1972; c. Encashment of leave at the end of tenure; d. Provision of motor vehicle for official purposes including maintenance and fuel expenses, as well as provision of telephone/internet facility at residence with all expenses thereof; e. Medical insurance premium as per our Company's policy; and f. Reimbursement of business expenses at actuals incurred on travelling, accommodation, etc. for official purposes.

Dr. Madhu Kansal

Dr. Madhu Kansal is a Whole-time Director of the Company. She has been associated with our Company as a Director since incorporation. She was last re-appointed as the Whole-time Director of the Company pursuant to resolution passed by our Board of Directors dated August 23, 2024 and resolution passed by our Shareholders dated August 31, 2024, for a period of five years With effect from July 1, 2024, in accordance with which, she is entitled to the following remuneration and other employee benefits:

Particulars	**Amount (in ₹ million)**
Basic salary	12.00
Perquisites	Perquisite(s) as may be allowed under the Income-tax Act, 1961 not exceeding ₹ 0.60 million in a Financial Year.
Increment	Effective July 1 each year, annual increment as may be decided by our Board from time to time based on the recommendation of our Nomination and Remuneration Committee, within the overall permissible limit as prescribed under the Companies Act, 2013.
Other Payables	a. Contribution to provident fund, Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; b. Gratuity payable as per the payment of Gratuity Act, 1972; c. Encashment of leave at the end of tenure; d. Provision of motor vehicle for official purposes including maintenance and fuel expenses, as well as provision of telephone/internet facility at residence with all expenses thereof; e. Medical insurance premium as per our Company's policy; and f. Reimbursement of business expenses at actuals incurred on travelling, accommodation, etc. for official purposes.

Ashish Kansal

Ashish Kansal is the Whole-time Director and Chief Executive Officer of the Company. He has been associated with our Company as a Director since August 17, 2024. He was last appointed as the Whole-time Director and Chief Executive Officer of the Company pursuant to resolution passed by our Board of Directors dated August

16, 2024 and resolution passed by our Shareholders dated August 31, 2024, for a period of five years. With effect from August 17, 2024, in accordance with which, he is entitled to the following remuneration and perquisites:

Particulars	Amount (in ₹ million)
Basic salary	18.00
Perquisites	Perquisite(s) as may be allowed under the Income-tax Act, 1961 not exceeding ₹ 0.60 million in a Financial Year.
Increment	Effective July 1 each year, annual increment as may be decided by our Board from time to time based on the recommendation of our Nomination and Remuneration Committee, within the overall permissible limit as prescribed under the Companies Act, 2013.
Other Payables	a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; b. Gratuity payable as per the payment of Gratuity Act, 1972; c. Encashment of leave at the end of tenure; d. Provision of motor vehicle for official purposes including maintenance and fuel expenses, as well as provision of telephone/internet facility at residence with all expenses thereof; e. Medical insurance premium as per our Company's policy; and f. Reimbursement of business expenses at actuals incurred on travelling, accommodation, etc. for official purposes.

Remuneration payable to Non-Executive Independent Directors

Pursuant to the resolution passed by our Board of Directors on September 13, 2024, our Non-Executive Independent Directors are entitled to a sitting fee of ₹ 50,000 for attending each meeting of the Board of Directors of Directors and its committees. Further, they are entitled to an aggregate commission of up to 1% of net profits in any Financial Year, in case of profit during the relevant Financial Year, as may be determined by our Board in accordance with applicable laws.

Payment or benefit to Directors of our Company

Details of remuneration paid to our Directors in Fiscal 2024 are set forth below:

Whole-time Directors

Name of Director	Amount paid for Fiscal 2024 (in ₹ million)
Dr. Shiv Chand Kansal	7.20
Dr. Madhu Kansal	7.20
Ashish Kansal*	7.20

** Since he was appointed as a Director only in Financial Year 2025, amount represents remuneration received in his capacity as an employee of the Company during Financial Year 2024.*

Independent Directors

Our Non-Executive Independent Directors were appointed in Fiscal 2025, and accordingly no sitting fees or commission or remuneration was paid by our Company to our Independent Directors for Fiscal 2024.

Remuneration paid or payable to our Directors by our Subsidiary

None of our Directors have received or were entitled to receive any remuneration, sitting fees or commission from our Subsidiary, including any contingent or deferred compensation accrued for Fiscal 2024.

Bonus or profit-sharing plan for our Directors

None of our Directors are party to any bonus or profit-sharing plan of our Company.

Contingent and deferred compensation payable to our Directors

There is no contingent or deferred compensation payable to our Directors, which does not form part of their remuneration.

Shareholding of our Directors in our Company

Except as disclosed in "***Capital Structure – Notes to capital structure – Shareholding of our Directors, Key Managerial Personnel and members of Senior Management in our Company***" on page 99, none of our Directors hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus. As per our Articles of Association, our Directors are not required to hold any qualification shares.

Service contracts with Directors

None of our Directors have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them as Directors, for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. See "***– Terms of Appointment of our Directors***" on page 254.

Our Directors may be interested to the extent of Equity Shares, if any, held by them or that may be held or subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, including pursuant to the Offer and any dividend and other distributions payable in respect of such Equity Shares. See "***Capital Structure – Notes to capital structure – Shareholding of our Directors, Key Managerial Personnel and members of Senior Management in our Company***" on page 99.

Certain of our Directors may be deemed to be interested in the agreements/arrangements entered into or to be entered into by our Company with any company which is promoted by them or in which they are a member or in which they hold directorships or any partnership firm in which they are a partner. See "***Summary of the Draft Offer Document – Summary of related party transactions***" on page 24.

Interest in promotion or formation of our Company

Except for Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal, who are Promoters of our Company, none of our Directors have an interest in the promotion of our Company, as on the date of this Draft Red Herring Prospectus.

Interest in property

Except as stated below, none of our Directors are interested directly or indirectly in any property sold by our Company in the preceding three years or proposed to be sold by our Company. See "***Other Financial Information - Related party transactions***", "***Restated Consolidated Financial Information – Note 40 – Related Party Disclosures***", and "***Risk Factor - Our Promoters, who are also our Directors, and certain Key Managerial Personnel are interested in our Company's performance, rental income from leases, royalty fees and amounts received from the assignment of patents in addition to their remuneration and reimbursement of expenses***" on pages 318, 318 and 40, respectively.

a. Our Company has leased a portion of the the Palwal Manufacturing Facility at Village Agwanpur, Palwal 121 102, Haryana from Dr. Shiv Chand Kansal for a monthly rent of ₹ 0.30 million pursuant to lease deed dated August 1, 2024, executed between our Company and Dr. Shiv Chand Kansal for a term of nine years.

b. Our Company has leased office premises situated at Second Floor, No. 48/10, Block E, Okhla Industrial Area Phase II, New Delhi 110 020, Delhi, India, from Dr. Madhu Kansal for a monthly rent of ₹ 0.10 million pursuant to lease deed dated May 13, 2022, executed between our Company and Dr. Madhu Kansal for a term of nine years.

c. Our Company has leased office premises situated at M-17, South Extension Part II, New Delhi 110 049, Delhi, India from Dr. Shiv Chand Kansal for a monthly rent of ₹ 5,000 pursuant to lease deed dated April 1, 2024, executed between our Company and Dr. Shiv Chand Kansal for a term of nine years.

d. One of our members of the Promoter Group entities, namely, Wiseman Systems Private Limited, in which Dr. Shiv Chand Kansal is the shareholder and from which our Company has leased our Corporate Office for a monthly rent of ₹ 2.00 million pursuant to lease deed dated April 1, 2024, executed between our Company and Wiseman Systems Private Limited for a term of nine years.

e. Pursuant to the agreement to sell dated October 16, 2024, our Company has sold an area being 6,036 sq feet on the 12^{th} floor, A wing of Statesman House along with four car parking space to our promoter, Ashish Kansal for an aggregate consideration of ₹90 million.

f. Pursuant to the agreement to sell dated October 16, 2024, our Company has sold an area being 6,889 sq feet on the 11^{th} floor, A wing of Statesman House along with five car parking space to our Promoter, Ashish Kansal for an aggregate consideration of ₹103 million.

g. Pursuant to two patent assignment agreements, each dated October 17, 2024, our Promoter, Ashish Kansal has assigned (i) patents granted for protective ballistic helmets, protective band for ballistic helmets, protective ceramic-based ballistic helmet-shaped semi-spherical shell, bidirectional dynamic load distribution system, multi-impact monolithic ballistic armour plate, and boltless ballistic shield and shield system for an aggregate consideration of ₹ 782.60 million (excluding GST) (based on valuation report dated June 30, 2024), determined through a valuation report dated October 17, 2024); and (ii) patents applied for Sikh helmets (i.e., helmet to accommodate hair bun of our Company), to our Company for an aggregate consideration of ₹ 1.00 (excluding GST). Pursuant to the patent assignment agreements, our Company has acquired full right, title, interest and ownership of the granted patents and the underlying inventions from Ashish Kansal. Prior to the patent assignment agreements, our Company paid royalty to Ashish Kansal for the use of the patents covered thereunder pursuant to royalty agreement dated April 1, 2021 ("**Royalty Agreement**"), pursuant to which our Company paid ₹ 8.71 million and ₹0.37 million as royalty fees during Financial Years 2024 and 2023, respectively to our Promoter.

Interest in acquisition of land, construction of building or supply of machinery, etc.

Except as disclosed in "***Our Management – Interest of Director - Interest in property***" on page 257 in relation to the agreement to sell by the Company to Ashish Kansal, none of our directors have any interest in any transaction by our Company for acquisition of land, construction of building, or supply of machinery, etc.

Business interest

Except as stated in "***Other Financial Information – Related Party Transactions***" on page 318 and otherwise disclosed in this section, our Directors do not have any other business interest in our Company.

Loans to Directors

As on the date of this Draft Red Herring Prospectus, no outstanding loans have been availed of by our Directors.

Confirmations

None of our Directors are, or for the five years prior to the date of this Draft Red Herring Prospectus, have been on the board of directors of any listed company whose shares have been/were suspended from being traded on any stock exchange during the term of his/her directorship in such company.

None of our Directors have been or are directors on the board of any listed company which is or has been delisted from any Stock Exchange during the term of their directorship in such companies.

No consideration in cash or shares or otherwise has been paid, or agreed to be paid to any of our Directors, or to the firms or companies in which they are interested as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/her or by the firm or company in which he/she is interested, in connection with the promotion or formation of our Company.

Except as disclosed below, there are no conflicts of interest between the lessors of the Company's immovable properties, (crucial for operations of the Company) and the directors:

(a) Our Company has leased a portion of the the Palwal Manufacturing Facility at Village Agwanpur, Palwal 121 102, Haryana from Dr. Shiv Chand Kansal for a monthly rent of ₹ 0.30 million pursuant to lease deed dated August 1, 2024, executed between our Company and Dr. Shiv Chand Kansal for a term of nine years. Dr. Shiv Chand Kansal has direct interest in leased out portion of the Palwal Manufacturing Facility to the Company, owned by himself.

Changes to our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name of Director	Date of Change	Reasons
Dr. Shiv Chand Kansal	August 23, 2024	Re-appointed and re-designated as Chairman and Managing Director
Dr. Madhu Kansal	August 23, 2024	Re-appointed as Whole-time Director
Ashish Kansal	August 17, 2024	Appointed as Whole-time Director and Chief Executive Officer
Dr. Ajay Kumar	September 13, 2024(1)	Appointed as Non-Executive Independent Director
Mahima Gupta	September 13, 2024(1)	Appointed as Non-Executive Independent Director
Dr. Manoj Gupta	September 13, 2024(1)	Appointed as Non-Executive Independent Director

(1) Regularised by a Resolution of our Board dated September 20, 2024.

Borrowing powers

In accordance with the our Articles of Association, and pursuant to resolutions passed by our Board on September 13, 2024 and our Shareholders on September 20, 2024, our Board is authorised to borrow, from time to time, any sum of money, which together with money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the bankers to the Company in its ordinary course of business) exceeding the aggregate, for the time being, of the paid-up capital of the Company and its free reserves, *i.e.*, reserves not set apart for any specific purpose, provided that the aggregate of the amount so borrowed by the Company shall not exceed ₹ 5,000 million or up to an aggregate amount within the maximum limits as may be provided from time to time under the Act, whichever is higher.

Corporate governance

As on the date of this Draft Red Herring Prospectus, there are six Directors on our Board comprising three Whole-time Directors and three Non-Executive Independent Directors, including one Managing Director and one woman Non-Executive Independent Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act in relation to the composition of our Board and constitution of committees thereof.

Committees of the Board of Directors

Our Company has constituted the following Board committees in terms of the SEBI Listing Regulations, and the Companies Act:

(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Stakeholders' Relationship Committee;
(d) Risk Management Committee; and
(e) Corporate Social Responsibility Committee.

Audit Committee

The Audit Committee was constituted by a resolution passed by our Board dated September 13, 2024. The Audit Committee is in compliance with Section 177 and other applicable provisions of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently comprises:

S. No.	Name of Director	Designation	Committee Designation
1.	Mahima Gupta	Non-Executive Independent Director	Chairperson
2.	Dr. Madhu Kansal	Whole-time Director	Member
3.	Dr. Manoj Gupta	Non-Executive Independent Director	Member

Terms of reference

The Audit Committee shall be responsible for, among other things, as may be required by the stock exchange(s) from time to time, the following:

Powers of Audit Committee

The powers of the Audit Committee include the following:

(1) to investigate any activity within its terms of reference;
(2) to seek information from any employee;
(3) to obtain outside legal or other professional advice;
(4) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
(5) such other powers as may be prescribed under the Companies Act and the SEBI Listing Regulations.

Role of Audit Committee

The role of the Audit Committee include the following:

(1) oversight of financial reporting process and the disclosure of financial information relating to our Company to ensure that the financial statements are correct, sufficient and credible;

(2) recommendation to the Board of Directors for appointment, re-appointment, replacement, remuneration and other terms of appointment of auditors of the Company and the fixation of the audit fee;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    a. matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause I of sub-Section 3 of Section 134 of the Companies Act, 2013;
    b. changes, if any, in accounting policies and practices and reasons for the same;
    c. major accounting entries involving estimates based on the exercise of judgment by management;
    d. significant adjustments made in the financial statements arising out of audit findings;
    e. compliance with listing and other legal requirements relating to financial statements;
    f. disclosure of any related party transactions; and
    g. modified opinion(s) in the draft audit report.

(5) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions

as may be prescribed, by the Independent Directors who are members of the Audit Committee, and in this regard:

i. recommend criteria for omnibus approval or any changes to the criteria for approval of the Board;
ii. omnibus approval for related party transactions proposed to be entered into by the Company for every Financial Year as per the criteria approved;
iii. review of transactions pursuant to omnibus approval;
iv. make recommendation to the Board, where Audit Committee does not approve transactions other than the transactions falling under Section 188 of the Companies Act, 2013.

Explanation: *The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the Company, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow-up thereon;

(15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) reviewing the functioning of the whistle blower mechanism;

(19) overseeing the vigil mechanism established by the Company, with the chairperson of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

(20) approval of appointment of chief financial officer (i.e., the Whole-time Director for finance or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

(21) reviewing the utilization of loans and/or advances from/investment by the Company in its subsidiary(/ies) exceeding ₹1,000,000,000 or 10% of the asset size of the subsidiary(/ies), whichever is lower including existing loans/ advances/investments;

(22) review the financial statements, in particular, the investments made by any unlisted subsidiary;

(23) considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its Shareholders;

(24) approving the key performance indicators ("**KPIs**") for disclosure in the offer documents, and approval of KPIs once every year, or as may be required under applicable law; and

(25) carrying out any other functions required to be carried out by the Audit Committee as may be decided by the Board and/or as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted by a resolution passed by our Board dated September 13, 2024. The composition and terms of reference of the Nomination and Remuneration Committee are in compliance with Section 178 and other applicable provisions of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently comprises:

S. No.	Name of Director	Designation	Committee Designation
1.	Dr. Manoj Gupta	Non-Executive Independent Director	Chairperson
2.	Dr. Ajay Kumar	Non-Executive Independent Director	Member
3.	Mahima Gupta	Non-Executive Independent Director	Member

Terms of reference

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees ("**Remuneration Policy**");

(2) for every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

   (a) use the services of external agencies, if required;
   (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
   (c) consider the time commitments of the candidates.

(3) formulation of criteria for evaluation of performance of Independent Directors and the Board;

(4) devising a policy on Board diversity;

(5) identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every Director's performance (including Independent Directors);

(6) analysing, monitoring and reviewing various human resource and compensation matters;

(7) determining the Company's policy on specific remuneration packages for executive Directors including pension rights and any compensation payment, and determining remuneration packages of such Directors;

(8) whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;

(9) recommending to the board, all remuneration, in whatever form, payable to Senior Management;

(10) carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

(11) the Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that:

(a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company succesfully;
(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
(c) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

(12) perform such functions as are required to be performed by the Nomination and Remuneration Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, including the following:

(a) administering any existing and proposed employee stock option schemes formulated by the Company from time to time (the "**Plan**");
(b) determining the eligibility of employees to participate under the Plan;
(c) granting options to eligible employees and determining the date of grant;
(d) determining the number of options to be granted to an employee;
(e) determining the exercise price under the Plan; and
(f) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.

(13) Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

(a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
(b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.

(14) carrying out any other activities as may be delegated by the Board of Directors of the Company, functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated September 13, 2024. The composition and terms of reference of Stakeholders' Relationship Committee are in compliance with Section 178 and any other applicable law of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises:

S. No.	Name of Director	Designation	Committee Designation
1.	Dr. Ajay Kumar	Non-Executive Independent Director	Chairperson
2.	Dr. Madhu Kansal	Whole-time Director	Member
3.	Ashish Kansal	Whole-time Director and Chief Executive Officer	Member

Terms of Reference

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required under applicable law, the following:

- considering and looking into various aspects of interest of Shareholders, debenture holders and other security holders;
- resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- giving effect to allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities;
- issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
- review of measures taken for effective exercise of voting rights by Shareholders;
- review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent;
- review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
- carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the Companies Act, 2013 or the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Risk Management Committee

The Risk Management Committee was constituted by a resolution of our Board September 13, 2024. The scope and functions of the Risk Management Committee are in compliance with the Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee currently comprises:

S. No.	Name of Director	Designation	Committee Designation
1.	Dr. Shiv Chand Kansal	Chairman and Managing Director	Chairperson
2.	Mahima Gupta	Non-Executive Independent Director	Member
3.	Dr. Madhu Kansal	Whole-time Director	Member

Terms of reference

The role and responsibilities of the Risk Management Committee include the following:

- To review, assess and formulate the risk management system and policy of the Company from time to time and recommend for an amendment or modification thereof, which shall include:
  (a) a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;
  (b) measures for risk mitigation including systems and processes for internal control of identified risks; and
  (c) business continuity plan;

- to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

- to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary;

- to keep the Board of the Company informed about the nature and content of its discussions, recommendations and actions to be taken;

- to review the appointment, removal and terms of remuneration of the chief risk officer (if any);

- to implement and monitor policies and/or processes for ensuring cyber security;

- to coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board; and

- To undertake any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the SEBI Listing Regulations.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted pursuant to a resolution passed by our Board at its meeting held on April 29, 2022, and last re-constituted pursuant to a resolution passed by our Board at its meeting held on September 13, 2024. The composition and terms of reference of the Corporate Social Responsibility Committee are in compliance with Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee currently comprises:

S. No.	Name of Director	Designation	Committee Designation
1.	Dr. Madhu Kansal	Whole-time Director	Chairperson
2.	Dr. Shiv Chand Kansal	Chairman and Managing Director	Member
3.	Dr. Manoj Gupta	Non-Executive Independent Director	Member

Terms of reference:

The Corporate Social Responsibility Committee shall be responsible for, among other things, as may be required by under applicable law, the following:

(a) to formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, and the rules made thereunder, each as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;

(b) to review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

(c) to monitor the Corporate Social Responsibility Policy of the Company from time to time;

(d) to identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

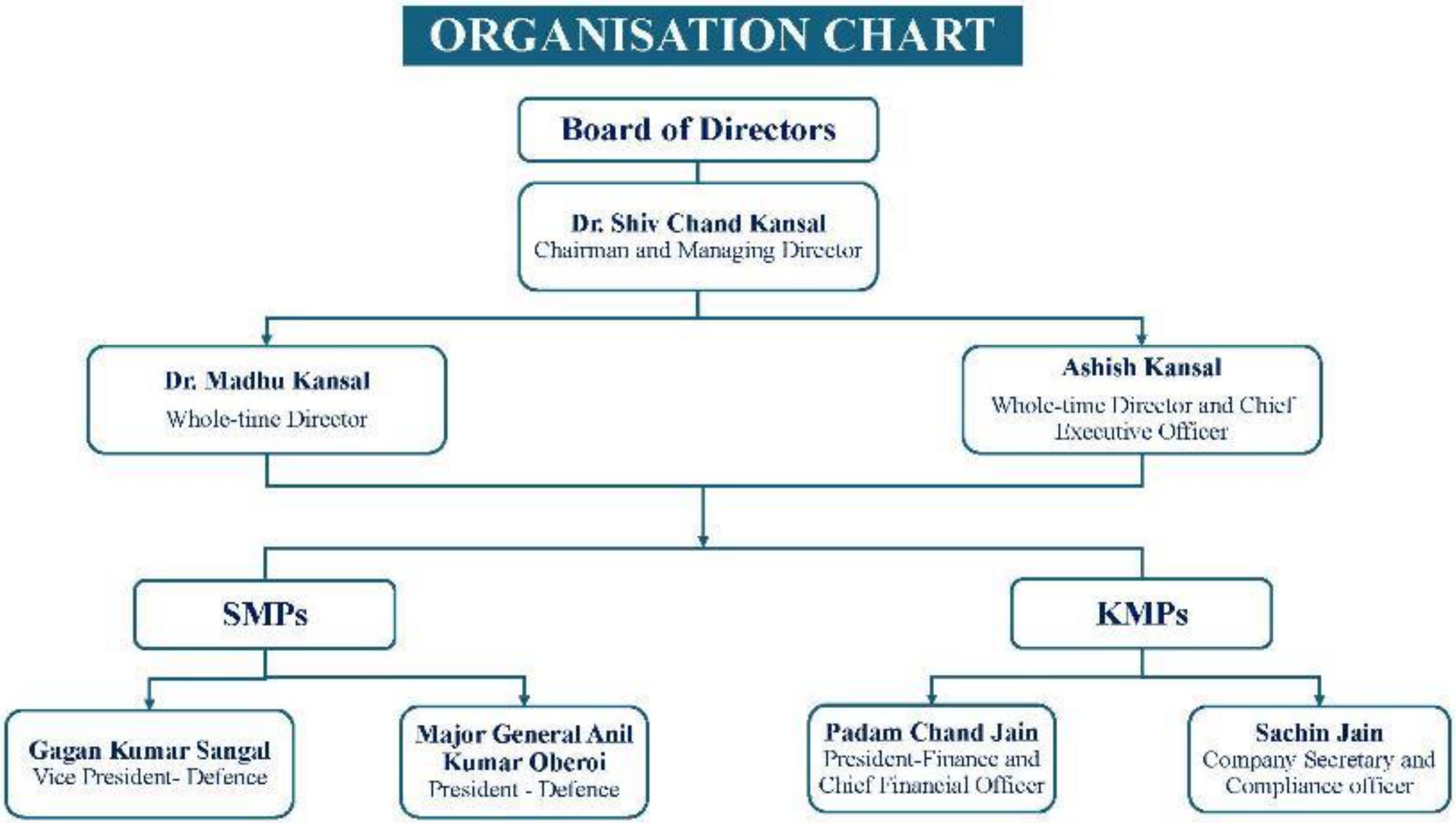
(e) the Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its corporate social responsibility policy, which shall include the following:

    i. the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013;
    ii. the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act, 2013;
    iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
    iv. monitoring and reporting mechanism for the projects or programmes; and
    v. details of need and impact assessment, if any, for the projects undertaken by the Company.

    Provided that the Board may alter such plan at any time during the financial year, as per the recommendation of the Corporate Social Responsibility Committee, based on the reasonable justification to that effect; and

(f) any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time and/or as may be required under applicable law, as and when amended from time to time.

Management Organisation Structure



Key Managerial Personnel and Senior Management

Key Managerial Personnel

In addition to Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal, whose details are disclosed in "*- Brief Profiles of our Directors*" on page 253, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below:

Padam Chand Jain is the President - Finance and Chief Financial Officer of our Company and is responsible for spearheading the finance and accounts functions in our Company. Padam Chand Jain was appointed as President - Finance and Chief Financial Officer of our Company on August 16, 2024. He holds a bachelor's degree in commerce from the University of Delhi and a master's degree in business administration from Panjab University. Prior to joining our Company on August 16, 2024, he is associated with Amtrak Consultant LLP as a designated partner. He was appointed in Financial Year 2025 and accordingly was not paid any remuneration in Financial Year 2024.

Sachin Jain is the Company Secretary and Compliance Officer of our Company and is responsible for responsible for ensuring corporate secretarial and compliance functions in our Company**.** He has been associated with our Company since August 17, 2024. He holds a bachelor's degree in commerce (honours course) from Delhi University. He is an associate of the Institute of Company Secretaries of India. Prior to joining our Company, he was associated with Zomato Limited and CL Educate Limited. He was appointed in Financial Year 2025 and accordingly was not paid any remuneration in Financial Year 2024.

Senior Management

In addition to our Chief Financial Officer, Pandam Chand Jain, and our Company Secretary and Compliance Officer, Sachin Jain, who are also our Key Managerial Personnel and whose details have been disclosed in "***- Key Managerial Personnel and Senior Management – Key Managerial Personnel***" above, the details of our Senior Management as on the date of this Draft Red Herring Prospectus are set forth below:

Major General Anil Kumar Oberoi (Retired) is the President-Defence of our Company and is responsible for defence related strategy, assessing future demand direction, understanding and estimating defence (customer) requirements in our Company. He has been associated with our Company since April 1, 2024. He holds a bachelor's degree in arts from the University of Jammu, a master's degree in management studies from Osmania University, a master's degree in science (defence studies) from the University of Madras, a master's diploma in international business from the Indian Institute of Modern Management, a master's diploma in business administration from Symbiosis Institute of Management Studies, a post graduate diploma in adult education from the University of Himachal Pradesh, and a post graduate diploma in human rights from the Indian Institute of Human Rights. He has also completed a defence management course from the College of Defence Management. He has also completed a gunnery staff officers' course from the School of Artillery, a post graduate staff course from the Defence Services Staff College, and a national security and strategic studies course from the National Defence College. Prior to joining our Company, he was engaged with the Indian army, and retired as a major general. He was appointed in Financial Year 2025 and accordingly was not paid any remuneration in Financial Year 2024.

Gagan Kumar Sangal is the Vice-President – Defence of our Company and is responsible for overseeing program management of sales, marketing and systems implementation across our Company. He has been associated with our Company since April 1, 2024. He holds a bachelor's degree in electronics engineering from Dr. Ram Manohar Lohia Avadh University and a master's degree in technology (industrial management) from Banaras Hindu University. He has also received a certificate in project management from the International Institute of Projects and Program Management. Further, he has received a certificate in marketing management from the International Management Institute in New Delhi. Prior to joining our Company, he was associated with Bharat Electronics Limited as deputy general manager – national marketing, Delhi and during his tenure with Bharat Electronics Limited, he was deputed to Export Promotion Cell, Department of Defence Production, Ministry of Defence as Manager. He has also worked on attachment basis in international Cooperation and Export Division as OSD (ICE-III). He was appointed in Financial Year 2025 and accordingly was not paid any remuneration in Financial Year 2024.

Arrangements and understanding with major shareholders, customers, suppliers or others

None of the Key Managerial Personnel or Senior Management of our Company have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Status of Key Managerial Personnel and Senior Management

As on the date of this Draft Red herring Prospectus, each of the Key Managerial Personnel and Senior Management is a permanent employee of our Company.

Relationship among Key Managerial Personnel and Senior Management

Except as disclosed in "- ***Relationship between our Directors, Key Managerial Personnel and Senior Management***" on page 254, none of our Key Managerial Personnel and Senior Management are related to each other.

Bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management

Other than performance linked variable pay, none of our Key Managerial Personnel or Senior Management are party to any bonus or profit-sharing plan of our Company.

Shareholding of Key Managerial Personnel and Senior Management in our Company

Except as disclosed in "***Capital Structure – Notes to Capital Structure – Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company***" on page 99, none of our Key Managerial Personnel or Senior Management, hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Service contracts with Directors and Key Managerial Personnel and Senior Management

Our Company has not entered into any service contracts, pursuant to which its Key Managerial Personnel or Senior Management are entitled to benefits upon termination of employment, except statutory benefits in accordance with the terms of their appointment.

Contingent and deferred compensation payable to our Key Managerial Personnel and Senior Management

There is no contingent or deferred compensation payable to our Key Managerial Personnel and Senior Management, which does not form part of their remuneration.

Interest of Key Managerial Personnel and Senior Management

Other than as disclosed in "- ***Interest of Directors***" and ***"- Payment or benefit to Key Managerial Personnel and Senior Management of our Company"*** above, the Key Managerial Personnel and Senior Management of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Further, Padam Chand Jain, our President – Finance and Chief Financial Officer is a designated partner of Amtrak Consultants LLP, which has received the following payments from our Company and Group Companies:

S. No.	Name of the entity	Nature of the company	Nature of transaction	Amount in (₹ million) FY 2023- 2024	Amount in (₹ million) FY 2024- 2025
1	SMPP Limited	Company	Consultancy Fee	0.84	0.50
2	Macario Technologies Private Limited	Group Company	Consultancy Fee	Nil	0.30
3	Innovative Techtex Private Limited	Group Company	Consultancy Fee	0.70	Nil

Padam Chand Jain has not drawn any remuneration of any nature from Amtrak Consultant LLP; and (ii) no payments have been made to Amtrak Consultant LLP by our Company, its subsidiaries, group companies or its promoter for any purpose. However, he continues to be a designated partner of Amtrak Consultants LLP as on the date of the Draft Red Herring prospectus

Changes in Key Managerial Personnel or Senior Management during the last three years

Except as set forth below, there are no other changes in our Key Managerial Personnel or Senior Management during the three years immediately preceding the date of this Draft Red Herring Prospectus:

Name	Date of Change	Reasons
Sachin Jain	August 17, 2024	Appointed as the Company Secretary and Compliance Officer
Padam Chand Jain	August 16, 2024	Appointment as the President – Finance and Chief Financial Officer
Major General Anil Kumar Oberoi (Retired)	April 1, 2024	Appointed as the President – Defence
Gagan Kumar Sangal	April 1, 2024	Appointed as the Vice President – Defence

Employee stock option and stock purchase schemes

Except as disclosed in "***Capital Structure – Employee Stock Option Scheme***" on page 100, our Company does not have any employee stock option scheme.

Payment or benefit to Key Managerial Personnel and Senior Management

Except as disclosed in "***Our Management – Interest of Key Managerial Personnel and Senior Management***"**,** no non-salary related amount or benefit has been paid or given to any of our Company's officers including our Directors, Key Managerial Personnel and Senior Management within the two preceding years of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

OUR PROMOTERS AND PROMOTER GROUP

Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal are the Promoters of our Company. As on the date of this Draft Red Herring Prospectus, our Promoters hold an aggregate of 579,749,991 Equity Shares of face value of ₹2 each, comprising 96.63% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. See "***Capital Structure – Notes to Capital Structure – Build-up of Promoters' shareholding in our Company***" on page 93.

Details of our Promoters

Dr. Shiv Chand Kansal

Dr. Shiv Chand Kansal, born on August 14, 1948, aged 76 years, is the Chairman and Managing Director of our Company. He currently resides at M-17, South Extension Part II, New Delhi 110 049, Delhi, India.

For Dr. Shiv Chand Kansal's complete profile, along with details of his educational qualifications, experience in the business, directorships in other entities, business and financial activities, see "***Our Management – Brief profiles of our Directors***" on page 253. For details of other ventures, see "***Entities forming part of the Promoter Grou***p" on page 272.

His PAN is ACSPK5821H.

Dr. Madhu Kansal

Dr. Madhu Kansal, born on November 1, 1951, aged 72 years, is a Whole-time Director of our Company. She currently resides at M-17, South Extension Part II, New Delhi 110 049, Delhi, India.

For Dr. Madhu Kansal's complete profile, along with the details of her educational qualifications, experience in the business, directorships in other entities, business and financial activities, see "***Our Management – Brief profiles of our Directors***" on page 253. For details of other ventures, see "***Entities forming part of the Promoter Grou***p" on page 272.

Her PAN is ADOPK0993P.

Ashish Kansal

Ashish Kansal, born on November 19, 1979, aged 44 years, is the Whole-time Director and Chief Executive Officer of our Company. He currently resides at M-17, South Extension Part II, New Delhi 110 049, Delhi, India.

For Ashish Kansal's complete profile, along with details of his educational qualifications, experience in the business, directorships in other entities, business and financial activities, see "***Our Management – Brief profiles of our Directors***" on page 253. For details of other ventures, see "***Entities forming part of the Promoter Grou***p" on page 272.

His PAN is AGSPK3089P.

Our Company confirms that the respective PAN, bank account numbers, Aadhaar card numbers, passport numbers and driving license numbers of our Promoters will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Details regarding change in control of our Company

There has been no change in the control of our Company during the five immediately preceding years. Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal have been identified as Promoters pursuant to a resolution passed by our Board dated September 13, 2024. See "***Capital Structure – Notes to capital structure – Build-up of Promoters' shareholding in our Company***" on page 93.

Interest of our Promoters

ii. Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; and (ii) that they hold any direct or indirect shareholding in our Company, and any dividends or any other distributions payable in respect thereof, as applicable; and (iii) any directorships that they may hold in our Company or subsidiary, and to the extent of remuneration payable to them in this regard. See "***Capital Structure – Notes to Capital Structure – Build-up of Promoters' shareholding in our Company***" on page 93. For details of the interest of Dr. Shiv Chand Kansal, Dr. Madhu Kansal and Ashish Kansal in their capacity as Directors of our Company, see "***Our Management – Interest of Directors***" on page 257.

iii. Our Promoters have no interest in any property acquired in the three years preceding the date of this Draft Red Herring Prospectus or is proposed to be acquired by our Company except in the ordinary course of business and as disclosed in "***Our Management - Interest of Directors",*** "***Other Financial Information - Related party transactions***" and "***Restated Consolidated Financial Information – Note 40 – Related Party Disclosures***", on pages 257, 318 and 338, respectively.

iv. As on the date of this Draft Red Herring Prospectus, none of our Promoters have interest in any transaction in acquisition of land, construction of building and supply of machinery, etc. See "***Other Financial Information - Related party transactions***", "***Restated Consolidated Financial Information – Note 40 – Related Party Disclosures***", "***Our Management - Interest of Directors - Interest in acquisition of land, construction of building or supply of machinery, etc.",*** and "***Risk Factor - Promoters, who are also our Directors, and certain Key Managerial Personnel are interested in our Company's performance in addition to their remuneration and reimbursement of expenses.*** " on pages 338, 317, 257 and 40, respectively.

v. Our Promoters may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any company which is promoted by them or in which they are a member. See "***Other Financial Information - Related party transactions***" and "***Restated Consolidated Financial Information – Note 40 – Related Party Disclosures***", on pages 338 and 317, respectively.

vi. No sums have been paid or agreed to be paid to our Promoters or to the firms or companies in which our Promoters are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them as directors or otherwise for services rendered by such Promoters or by such firms or companies in connection with the promotion or formation of our Company.

Payment or benefits to our Promoters or the members of our Promoter Group

Except in the ordinary course of business and as disclosed in "***Other Financial Information - Related party transactions***" and "***Restated Consolidated Financial Information – Note 40 – Related Party Disclosures***", on pages 338 and 317, respectively, including as set forth below, no amount or benefits have been paid or given to our Promoters or the members of the Promoter Group during the two years preceding the date of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or the members of our Promoter Group.

Material guarantees given by our Promoters to third parties with respect to Equity Shares

As on the date of this Draft Red Herring Prospectus, our Promoters have not given any material guarantees to any third party with respect to the Equity Shares.

Companies or firms with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Promoter Group

Natural persons forming part of the Promoter Group

Name of Promoter	Name of relative	Relationship
Dr. Shiv Chand Kansal	Surinder Kumar Kansal	Brother
	Dr. Prem Kansal	Brother
	Naresh Kansal	Brother
	Kiran Singla	Sister
	Ashima Goel	Daughter
	Manoj Kumar Aggarwal	Spouse's brother
	Rekha Mittal	Spouse's sister
	Aarti Chaudhary	Spouse's sister
Dr. Madhu Kansal	Manoj Kumar Aggarwal	Brother
	Aarti Chaudhary	Sister
	Rekha Mittal	Sister
	Ashima Goel	Daughter
	Dr. Prem Kansal	Spouse's brother
	Naresh Kansal	Spouse's brother
	Surinder Kumar Kansal	Spouse's brother
	Kiran Singla	Spouse's sister
Ashish Kansal	Achla Kansal	Spouse
	Ashima Goel	Sister
	Ayush Kansal	Son
	Aishi Kansal	Daughter
	Parveen Tayal	Spouse's father
	Anju Tayal	Spouse's mother
	Gaurav Tayal	Spouse's brother
	Rajita Tayal	Spouse's sister
	Manisha Gupta	Spouse's sister

Entities forming part of the Promoter Group:

1. Ashish Kansal HUF;
2. ADH Labs Private Limited;
3. Avaa Powertronics Private Limited
4. Evall Mobility Limited;
5. Gaurav Tayal HUF;
6. Harish Kumar HUF;
7. Innovative Techtex Private Limited;
8. Kansal Auto Spares Private Limited;
9. Kansal Engineering Private Limited;
10. Kansal Industries;
11. Kansal Tea Traders;
12. K E C Forgings Private Limited;
13. Kumar Engineering Corporation;

14. Macario Technologies Private Limited;
15. Manoj Kumar Mukul Kumar HUF;
16. Max Fibres Private Limited;
17. Naresh Kansal and Sons HUF;
18. Parveen Tayal HUF;
19. Praveen Trading Co;
20. Shiv Chand Ashish Kumar HUF;
21. Saket Forging;
22. Saket Steels Limited;
23. Satsahib Spinning Mills Private Limited;
24. Sat Sahib Trading Co;
25. Sat Sahib Trading Private Limited;
26. Sat Sahib Yarns;
27. Shiv Kansal Family Trust;
28. S M Engineers & Consultants;
29. SM Family Trust;
30. SMPP Foundation Trust;
31. Sopan Properties Private Limited;
32. Surinder Kumar and Sons HUF;
33. Tarsem Chand Singla HUF; and
34. Wiseman Systems Private Limited.

DIVIDEND POLICY

The dividend distribution policy of our Company was approved and adopted by our Board on October 5, 2024 ("**Dividend Policy**"). In terms of the Dividend Policy, the declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable laws including the Companies Act, 2013.

Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of the Board and will depend on a number of factors, including but not limited to, internal factors such as earning stability, past dividend trends, cashflow, organic growth and expansion, profitability of our Company during the period under consideration and external factors, including but not limited to the macro-economic environment, market conditions, regulatory changes and technological changes or statutory and contractual restrictions. our Company operates. Additionally, we may retain all our future earnings, if any, for any proposed or ongoing or planned business expansion or for any other purposes which may be considered by the Board subject to compliance with the provisions of the Companies Act. See, "***Risk Factor – Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, profit after tax available for distribution, cash flows, working capital requirements and capital expenditure and the terms of our financing arrangements.***" on page 66.

Our Company has not declared any dividends on the Equity Shares during the last three Financial Years, the three months ended June 30, 2024 and the period from July 1, 2024 until the date of this Draft Red Herring Prospectus.

SECTION V – FINANCIAL INFORMATION

RESTATED CONSOLIDATED FINANCIAL INFORMATION

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
SMPP Limited (Formerly Known as SMPP Private Limited)
Sunilaya Railway Road, Sangrur 148 001, Punjab, India

Dear Sirs,

1. We have examined, the attached Restated Consolidated Financial Information of SMPP Limited (the "**Compan**y" or the "**Issuer**") and its subsidiary (the Company and its subsidiary together referred to as the Group) comprising the Restated Consolidated Statement of Assets and Liabilities as at 30th June 2024, 30th June 2023, 31st March 2024, 31st March 2023 and 31st March 2022, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the years ended 31st March 2024, 31st March 2023 and 31st March 2022, for the period beginning from 1 April 2024 to 30th June 2024 and for the period beginning from 1st April 2023 to 30th June 2023, the summary Statement of Material Accounting Policies, and other explanatory information (collectively, the "**Restated Consolidated Financial Information"),** as approved by the Board of Directors of the Company ("**the Board**") at their meeting held on 13th October 2024 for the purpose of inclusion in the Draft Red Herring Prospectus ("**DRHP**"), prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("**IPO**") prepared in terms of the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("**the Act**");

b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**"); and

c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended from time to time (the "**Guidance Note**").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited ("**NSE**") in connection with the IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company based on the basis of preparation stated in Note (1.1) to the Restated Consolidated Financial Information. The responsibility pf the respective boards of directors included in the Group includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective boards of directors are also responsible for identifying and ensuring that the Group complies with the Act, the ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:

a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 1st August 2024 in connection with the IPO of equity shares of the Company;

b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Consolidated Financial Information have been compiled by the management from:

i. Audited Special Purpose Interim Consolidated Ind AS Financial Statements of the Group as at and for the three months period ended 30th June 2024 and 30th June 2023 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on 13th October 2024; and

ii. Audited Consolidated Ind AS Financial Statements of the Group as at and for the year ended 31 March 2024, prepared in accordance with Indian Accounting Standard (referred to "**Ind AS**") as prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India which has been approved by the Board of Directors at their meeting held on 29 September 2024;

iii. Audited Special Purpose Ind AS Consolidated Financial Statements of the Group as at 31st March 2023 and 31st March 2022, prepared in accordance with Indian Accounting Standard (referred to "**Ind AS**") as prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India which has been approved by the Board of Directors at their meeting held on 13th October 2024. The Financial Information as of and for the years ended 31st March 2023 and 31st March 2022 were previously audited by the erstwhile auditor GK Garg & Associates under the framework of IGAAP and issued unmodified opinions on such financial statements.

5. For the purpose of our examination, we have relied on:

a) Auditors' reports issued by us dated 13th October 2024 and 13th October 2024 on the Special Purpose Interim Consolidated Ind AS Financial Statements of the Group as at and for the three months periods ended 30th June 2024 and 30th June 2023 respectively as referred in Paragraph 4 (i) above.

b) Auditors' reports issued by us dated 29 September 2024 on the Consolidated Ind AS Financial Statements of the Group as at 31st March 2024 as referred in Paragraph 4 (ii) above.

c) Auditors' reports issued by us dated 13th October 2024 and 13th October 2024 on the Special Purpose Ind AS Consolidated Financial Statements of the Group as at 31st March 2023 and 31st March 2022 as referred in Paragraph 4 (iii) above.

6. Based on above and according to the information and explanations given to us, we report that:

i. the Restated Consolidated Financial Information have been prepared after incorporating adjustments for, material errors and regrouping / reclassifications retrospectively in the financial information as at and for the year ended 31st March 2024, 31st March 2023 and 31st March 2022 and in the three month period ended 30th June 2023, to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the three month period ended 30th June 2024, as more fully described in note no. 1.1 to the Restated Consolidated Financial Information.

ii. there are no qualifications in the auditor's reports on the Special Purpose Interim Consolidated Ind AS Financial Statements as at and for the three month periods ended 30th June 2024 and 30th June 2023 and in the Special Purpose Ind AS Consolidated Financial Statements as at and for the years ended 31st March 2023 and 31st March 2022 and the Consolidated Ind AS Financial Statements as at and for the year ended 31st March 2024, as referred in Para 4 above which requires any adjustments in the Restated Consolidated Financial Information.

iii. The Restated Consolidated Financial Information has been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note.

7. The Restated Consolidated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Ind AS Consolidated Financial Statements and audited Consolidated Financial Statements mentioned in paragraph 4 above.

8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the previous auditors, nor should this report be construed as a new opinion on any of the Financial Statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI and the stock exchanges where the Equity Shares are proposed to be listed as applicable in connection with the IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S S Kothari Mehta & Co. LLP Chartered Accountants Firm Registration No. 000756N/N500441	For Jagdish Sapra & Co. LLP Chartered Accountants Firm Registration No. 001378N /N500037
Neeraj Bansal Partner Membership No. 095960 UDIN:24095960BKFAGA1126	Vipal Kumar Kalra Partner Membership No. 084583 UDIN:24084583BKCKQP1287

Place: New Delhi
Date: October 13, 2024

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Restated Statement of Consolidated Asset & Liabilities
(All amounts are Rs. in Millions, unless otherwise stated)

PARTICULARS	Note No.	As at 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
I. Assets						
(1) Non- Current Assets						
(a) Property Plant & Equipment	3	231.53	231.14	236.56	240.25	271.57
(b) Capital Work in Progress	3.1	21.00	0.33	9.64	-	-
(c) Investment Property	4	28.74	30.21	29.09	30.58	32.14
(d) Right of use of Assets	5	147.84	6.64	5.90	6.73	4.42
(e) Financial Assets						
(i) Other Financial Assets	6	12.44	8.33	11.66	8.10	6.78
(f) Deferred Tax Assets (net)	7	15.72	19.98	12.90	12.26	10.22
Total Non Current Assets		**457.27**	**296.63**	**305.75**	**297.92**	**325.13**
(2) Current Assets						
(a) Inventories	8	761.47	354.83	1,227.49	60.27	91.91
(b) Financial Assets						
(i) Trade Receivables	9	729.95	914.79	1,847.11	815.87	123.11
(ii) Cash and Cash Equivalents	10	42.94	96.26	4.40	187.07	759.01
(iii) Bank Balances other than (ii) above	11	3,845.62	2,199.44	2,074.34	2,645.82	1,254.69
(c) Current Tax Assets (Net)	25	-	42.27	1.93	2.22	-
(d) Other Current Assets	12	80.18	102.17	133.62	50.33	137.79
Total Current Assets		**5,460.16**	**3,709.76**	**5,288.89**	**3,761.58**	**2,366.51**
Total Assets		**5,917.43**	**4,006.39**	**5,594.64**	**4,059.51**	**2,691.64**
II. Equity & Liabilities						
(1) Equity						
(a) Equity Shares Capital	13	400.00	2.00	400.00	2.00	2.00
(b) Other Equity	14	4,710.21	3,311.79	4,287.78	3,213.50	2,287.46
Equity attributable to shareholders of the company						
(c) Non controlling interest	15	0.00	0.00	0.00	0.00	0.00
Total Equity		**5,110.21**	**3,313.79**	**4,687.78**	**3,215.50**	**2,289.46**
(2) Liabilities						
Non-Current Liabilities						
(a) Financial Liabilities						
(i) Borrowings	16	-	-	-	-	-
(ii) Lease Liabilities	5	130.47	3.33	1.77	2.64	3.42
(iii) Other Financial Liabilities	17	8.85	7.64	8.69	7.73	6.74
(b) Provisions	18	4.40	3.79	4.23	3.64	2.88
(c) Other Non Current Liabilities	19	6.19	7.15	6.45	7.10	8.09
Total Non-Current Liabilities		**149.91**	**21.91**	**21.14**	**21.11**	**21.13**
Current Liabilities						
(a) Financial Liabilities						
(i) Borrowings	20	36.08	-	22.55	-	-
(ii) Lease Liabilities	5	22.08	0.30	1.20	1.20	1.20
(iii) Trade Payables	21					
- Total outstanding dues of Micro and Small Enterprises and		15.28	2.17	128.44	27.63	2.06
- Total outstanding dues of Creditors other than Micro and Small Enterprises		259.81	317.71	368.05	224.08	232.42
(iv) Other Financial Liabilities	22	21.34	10.93	10.67	6.68	10.38
(b) Other Current Liabilities	23	255.87	339.11	354.29	562.84	88.64
(c) Provisions	24	0.56	0.47	0.52	0.47	0.37
(d) Current Tax Liabilities (Net)	26	46.29	-	-	-	45.98
Total Current Liabilities		**657.31**	**670.69**	**885.72**	**822.90**	**381.05**
Total Liabilities		**807.22**	**692.60**	**906.86**	**844.01**	**402.18**
Total Equity and Liabilities		**5,917.43**	**4,006.39**	**5,594.64**	**4,059.51**	**2,691.64**

Summary of material accounting policies 1-2
The accompanying material accounting policies and notes form an integral part of Restated Consolidated financial information 3-48

In terms of our report of even date attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.000756N/N500441

For Jagdish Sapra & Co LLP
Chartered Accountants
Firm Registration No.001378N/N500037

For and on behalf of Board of Directors of SMPP Limited

Neeraj Bansal
Partner
Membership No.095960

Vipal Kumar Kalra
Partner
Membership No.084583

Dr. Shiv Chand Kansal
Chairman & Managing Director
DIN : 00048385

Ashish Kansal
Whole-Time Director & CEO
DIN : 00047579

Place: New Delhi
Date: 13.10.2024

Place: New Delhi
Date: 13.10.2024

Sachin Jain
Company Secretary
M.No.- A69132

Padam Chand Jain
CFO & President (Finance)

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Restated Statement of Consolidated Profit and Loss
(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	Note No.	For the period ended 30th June 2024	For the period ended 30th June 2023	For the year ended 31st March 2024	For the year ended 31st March 2023	For the year ended 31st March 2022
I. Income						
(a) Revenue from operations	27	1,457.67	525.42	5,160.77	3,508.28	3,688.88
(b) Other income	28	25.38	31.36	208.26	169.88	80.29
Total Income		**1,483.05**	**556.78**	**5,369.03**	**3,678.16**	**3,769.17**
II. Expenditure						
(a) Cost of Materials consumed	29	690.99	482.36	2,946.99	1,856.98	2,088.53
(b) Changes in inventories of Finished goods	29.1	49.69	(220.29)	(249.48)	-	-
(c) Employee Benefits Expense	30	19.09	13.08	66.03	46.18	36.47
(d) Finance Cost	31	5.96	1.89	8.09	5.21	12.71
(e) Depreciation and Amortization expense	32	16.44	13.91	51.84	54.93	59.01
(f) Other Expenses	33	130.55	142.04	568.61	460.72	396.32
Total Expenses		**912.72**	**432.99**	**3,392.08**	**2,424.02**	**2,593.04**
III. Restated Profit before Tax (I-II)		**570.33**	**123.79**	**1,976.95**	**1,254.14**	**1,176.13**
IV. Tax Expense:	34					
- Current Tax		147.23	31.80	502.73	321.90	299.70
- Deferred Tax		(2.83)	(0.13)	6.67	(2.02)	(2.22)
- Income Tax charge/(credit) for earlier years		-	-	2.29	8.18	1.30
Total Tax Expenses		**144.40**	**31.67**	**511.69**	**328.06**	**298.78**
V. Restated Profit for the year/period (III-IV)		**425.93**	**92.12**	**1,465.26**	**926.08**	**877.35**
VI. Restated Other comprehensive (income)/Loss	35					
(a) Items that will not be reclassified to statement of profit or loss:						
- Remeasurement of post-employment benefit plans		(0.04)	(0.06)	(1.19)	0.05	(0.11)
(b) Income tax relating to items that will not be reclassified to profit or loss		0.01	0.02	0.30	(0.01)	0.03
Restated other comprehensive (income)/Loss for the year/period		**(0.03)**	**(0.04)**	**(0.89)**	**0.04**	**(0.08)**
VII. Restated total comprehensive income for the year/period (V-VI)		**425.96**	**92.16**	**1,466.15**	**926.04**	**877.43**
Restated Profit / (Loss) attributable to						
Equity shareholders		425.93	92.12	1,465.26	926.08	877.35
Non Controlling interest		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Restated Other comprehensive (income)/Loss attributable to						
Equity shareholders		(0.03)	(0.04)	(0.89)	0.04	(0.08)
Non Controlling interest		-	-	-	-	-
Restated total comprehensive Income for the year/period						
Equity shareholders		425.96	92.16	1,466.15	926.04	877.43
Non Controlling interest		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
VIII. Restated earnings per equity share (Face value of Rs. 2 each)	36					
Basic		0.71	0.15	2.44	1.54	1.46
Diluted		0.71	0.15	2.44	1.54	1.46

Summary of material accounting policies 1-2
The accompanying material accounting policies and notes form an integral part of Restated Consolidated financial information 3-48

In terms of our report of even date attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.000756N/N500441

For Jagdish Sapra & Co LLP
Chartered Accountants
Firm Registration No.001378N/N500037

For and on behalf of Board of Directors of SMPP Limited

Neeraj Bansal
Partner
Membership No.095960

Vipal Kumar Kalra
Partner
Membership No.084583

Dr. Shiv Chand Kansal
Chairman & Managing Director
DIN : 00048385

Ashish Kansal
Whole-Time Director & CEO
DIN : 00047579

Place: New Delhi
Date: 13.10.2024

Place: New Delhi
Date: 13.10.2024

Sachin Jain
Company Secretary
M.No.- A69132

Padam Chand Jain
CFO & President (Finance)

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Restated Statement of Consolidated Cash Flow
(All amounts are Rs. in Millions, unless otherwise stated)

	Particulars	Period Ended 30th June 2024	Period Ended 30th June 2023	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
A.	**Cash flow from Operating Activities**					
	Restated Profit for the year/period before tax	570.33	123.79	1,976.95	1,254.14	1,176.13
	Adjustments for non operating and non cash transactions:					
	Finance costs	5.97	1.89	8.08	5.21	12.71
	Depreciation and amortisation expense	16.44	13.91	51.84	54.44	59.02
	Loss on sale of PPE	-		0.09		-
	Interest income	(8.92)	(10.57)	(147.26)	(107.38)	(45.58)
	Rental Income	(8.15)	(7.86)	(31.96)	(31.33)	(31.33)
	Impairment loss recognised/(reversed) under ECL model	(0.27)	-	5.03	(1.97)	0.19
	Operating Profit/(Loss) before working capital change	**575.40**	**121.16**	**1,862.77**	**1,173.11**	**1,171.14**
	Movements in working capital:					
	Adjustments for (increase) / decrease in operating assets:					
	Other Financials Assets - Non Current	(0.77)	0.07	(3.57)	(1.32)	0.46
	Inventories	466.03	(294.57)	(1,167.23)	31.65	140.88
	Trade Receivables	1,117.14	(98.96)	(1,036.33)	(690.82)	65.09
	Other Financials Assets - Current	-	(0.30)	-	-	-
	Other Current Assets	49.98	(54.55)	(82.53)	90.88	132.76
	Adjustments for increase / (decrease) in operating liabilities:				-	
	Other Non Current Liabilities	(0.00)	(0.26)	(0.96)	(0.99)	(1.98)
	Trade Payables	(222.17)	68.17	244.78	17.23	(125.36)
	Other Current Liabilities	(95.34)	(222.56)	(207.30)	475.52	(251.36)
	Other Financial Liabilities Non Current	(0.10)	-	0.26		-
	Other Financial Liability - Current	12.04	4.22	2.51	(3.69)	6.29
	Provisions - Current	0.08	0.07	0.05	0.10	0.07
	Provisions - Non Current	0.17	0.15	1.78	0.72	0.56
	Cash generated/(used in) from operations before tax	**1,902.46**	**(477.36)**	**(385.75)**	**1,092.39**	**1,138.55**
	Income tax paid	(101.75)	(71.85)	(504.71)	(378.52)	(257.03)
	Net cash generated by/(used in) operating activities (A)	**1,800.71**	**(549.21)**	**(890.46)**	**713.87**	**881.51**
B.	**Cash flow from Investing Activities**					
	Capital expenditure on capital assets	(17.58)	(4.51)	(53.95)	(23.64)	(7.99)
	Proceeds from sale/disposal of capital assets	-	-	0.04	0.01	-
	Increase / Decrease in Investment in Property	(0.00)	(0.00)	-	-	21.19
	(Increase)/Decrease in fixed deposit	(1,764.30)	383.26	586.01	(1,304.86)	(315.90)
	Interest received	1.94	74.86	134.14	21.12	16.28
	Investment in Subsidiary	-	-	-	-	0.00
	Rental Income	6.90	6.62	26.94	26.58	28.52
	Net cash generated by/(used in) investing activities (B)	**(1,773.04)**	**460.23**	**693.18**	**(1,280.79)**	**(257.90)**

Particulars	Period Ended 30th June 2024	Period Ended 30th June 2023	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
C. Cash flow from Financing Activities					
Proceeds from Term Loan	14.00	-	21.50	-	-
Increase/(Decrease) in Working Capital Loan	(1.03)	-	1.03	-	-
Interest paid	(1.90)	(1.54)	(6.71)	(3.81)	(11.24)
Payment of Lease liabilities other than Interest	(0.05)	(0.09)	(0.86)	(0.78)	(0.71)
Payment of Interest on Lease liabilities	(0.15)	(0.21)	(0.34)	(0.42)	(0.49)
Net cash generated by/(used in) financing activities (C)	**10.87**	**(1.84)**	**14.62**	**(5.01)**	**(12.44)**
Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	38.54	(90.83)	(182.67)	(571.94)	611.17
Cash and cash equivalents at the beginning of the year/period	4.40	187.07	187.07	759.01	147.84
Closing Balance of Cash and cash equivalents	**42.94**	**96.26**	**4.40**	**187.07**	**759.01**
Balances with banks					
- in current accounts	40.24	95.66	1.59	185.89	757.69
- Cash in hand	2.70	0.60	2.81	1.18	1.32
Total	**42.94**	**96.26**	**4.40**	**187.07**	**759.01**

Notes:

1. The above cash flows statement has been prepared under the "Indirect Method" as set out in Ind AS 7 on cash flow statements.
2. Figures in bracket indicate cash outflow/Loss.
3. Refer Note 44

Summary of material accounting policies	1-2
The accompanying material accounting policies and notes form an integral part of Restated Consolidated financial information	3-48

In terms of our report of even date attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.000756N/N500441

For Jagdish Sapra & Co LLP
Chartered Accountants
Firm Registration No.001378N/N500037

For and on behalf of Board of Directors of SMPP Limited

Neeraj Bansal
Partner
Membership No.095960

Vipal Kumar Kalra
Partner
Membership No.084583

Dr. Shiv Chand Kansal
Chairman & Managing Director
DIN : 00048385

Ashish Kansal
Whole-Time Director & CEO
DIN : 00047579

Place: New Delhi
Date: 13.10.2024

Place: New Delhi
Date: 13.10.2024

Sachin Jain
Company Secretary
M.No.- A69132

Padam Chand Jain
CFO & President (Finance)

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Restated Statement of Statement of Change in Equity
(All amounts are Rs. in Millions, unless otherwise stated)

(a) Equity Share Capital

Balance as at 01st April 2021	Restated balance as at 1st April 2021	Changes in Equity Share Capital during the year	Balance as at 31st March 2022
2.00	2.00	-	**2.00**

Balance as at 01st April 2022	Restated balance as at 1st April 2022	Changes in Equity Share Capital during the year	Balance as at 31st March 2023
2.00	2.00	-	**2.00**

Balance as at 01st April 2023	Restated balance as at 1st April 2023	Changes in Equity Share Capital during the year	Balance as at 31st March 2024
2.00	2.00	398.00	**400.00**

Balance as at 01st April 2023	Restated balance as at 1st April 2023	Changes in Equity Share Capital during the year	Balance as at 30th June 2023
2.00	2.00		**2.00**

Balance as at 01st April 2024	Restated balance as at 1st April 2024	Changes in Equity Share Capital during the year	Balance as at 30th June 2024
400.00	400.00	-	**400.00**

Refer Note 13

(b) Other equity

Particulars	Reserves and Surplus	Other Comprehensive Income	Total	Non Controlling Interest	Total
	Retained earnings*	Remeasurement of post-employment benefit plans	Attributable to Owners of the Company		
Balance as at 1st April 2021	**1,410.03**	-	**1,410.03**	-	**1,410.03**
Profit for the year	877.35	-	**877.35**	**(0.00)**	**877.35**
Other comprehensive (Income)/ Loss	(0.08)	-	**(0.08)**	-	(0.08)
Total Comprehensive Income for the year	**877.43**	-	**877.43**	**(0.00)**	**877.43**
Dividend Distribution	-	-	-	-	-
Balance as at 31st March 2022	**2,287.46**	-	**2,287.46**	**(0.00)**	**2,287.46**

Particulars	Reserves and Surplus	Other Comprehensive Income	Total	Non Controlling Interest	Total
	Retained earnings*	Remeasurement of post-employment benefit plans	Attributable to Owners of the Company		
Balance as at 1st April 2022	**2,287.46**	-	**2,287.46**	**0.00**	**2,287.46**
Profit for the year	926.08	-	**926.08**	**(0.00)**	**926.08**
Other comprehensive (Income)/ Loss	0.04	-	**0.04**	-	0.04
Total Comprehensive Income for the year	**926.04**	-	**926.04**	**(0.00)**	**926.04**
Dividend Distribution	-	-	-	-	-
Balance as at 31st March 2023**	**3,213.50**	-	**3,213.50**	**0.00**	**3,213.50**

**Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

Particulars	Reserves and Surplus	Other Comprehensive Income	Total	Non Controlling Interest	Total
	Retained earnings*	Remeasurement of post-employment benefit plans	Attributable to Owners of the Company		
Balance as at 1st April 2023**	**3,219.63**	**-**	**3,219.63**	**0.00**	**3,219.63**
Profit for the year	1,465.26	-	**1,465.26**	**(0.00)**	**1,465.26**
Other comprehensive (Income)/ Loss	(0.89)	-	**(0.89)**	-	(0.89)
Total Comprehensive Income for the year	**1,466.15**	**-**	**1,466.15**	**(0.00)**	**1,466.15**
Dividend Distribution	-	-	-	-	-
Issue of Bonus Shares	(398.00)	-	**(398.00)**	-	(398.00)
Balance as at 31st March 2024	**4,287.78**	**-**	**4,287.78**	**0.00**	**4,287.78**

Particulars	Reserves and Surplus	Other Comprehensive Income	Total	Non Controlling Interest	Total
	Retained earnings*	Remeasurement of post-employment benefit plans	Attributable to Owners of the Company		
Balance as at 1st April 2023**	**3,219.63**	**-**	**3,219.63**	**0.00**	**3,219.63**
Profit for the period	92.12	-	92.12	(0.00)	92.12
Other comprehensive (Income)/ Loss	(0.04)	-	(0.04)	-	(0.04)
Total Comprehensive Income for the period	**92.16**	**-**	**92.16**	**(0.00)**	**92.16**
Dividend Distribution	-	-	-	-	-
Balance as at 30th June 2023	**3,311.79**	**-**	**3,311.79**	**0.00**	**3,311.79**

Particulars	Reserves and Surplus	Other Comprehensive Income	Total	Non Controlling Interest	Total
	Retained earnings*	Remeasurement of post-employment benefit plans	Attributable to Owners of the Company		
Balance as at 1st April 2024	**4,284.25**	**-**	**4,284.25**	**0.00**	**4,284.25**
Profit for the period	425.95	-	425.95	(0.00)	**425.95**
Other comprehensive (Income)/ Loss	(0.03)	-	(0.03)	-	**(0.03)**
Total Comprehensive Income for the period	**425.98**	**-**	**425.98**	**(0.00)**	**425.98**
Dividend Distribution	-	-	-	-	-
Balance as at 30th June 2024	**4,710.23**	**-**	**4,710.23**	**0.00**	**4,710.23**

Refer Note 14 & 15

***This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date**

Summary of material accounting policies	1-2
The accompanying material accounting policies and notes form an integral part of Restated Consolidated financial information	3-48

In terms of our report of even date attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.000756N/N500441

For Jagdish Sapra & Co LLP
Chartered Accountants
Firm Registration No.001378N/N500037

For and on behalf of Board of Directors of SMPP Limited

Neeraj Bansal
Partner
Membership No.095960

Vipal Kumar Kalra
Partner
Membership No.084583

Dr. Shiv Chand Kansal
Chairman & Managing Director
DIN : 00048385

Ashish Kansal
Whole-Time Director & CEO
DIN : 00047579

Place: New Delhi
Date: 13.10.2024

Place: New Delhi
Date: 13.10.2024

Sachin Jain
Company Secretary
M.No.- A69132

Padam Chand Jain
CFO & President (Finance)

NOTES FORMING PART OF RESTATED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate Information

Background and nature of operations

M/s SMPP Limited (Formerly Known as SMPP Private Limited) (the Company) was incorporated in October 1985 under the Companies Act 1956, is engaged in the business of providing design, development and upgrade, refurbishment and production of arms and ammunition. Currently the Group has manufacturing facilities at Palwal (UP).

The Group including its subsidiaries is herein after together referred to as the 'Group'.

1.1 BASIS OF PREPARATION

The Restated Consolidated Financial Information of the Group comprises the restated consolidated statement of assets and liabilities as at June 30, 2024, June 30, 2023, March 31, 2024, March 31, 2023 and March 31 2022, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the restated consolidated statement of changes in equity and the restated consolidated statement of cash flow statement for the period ended June 30, 2024, June 30, 2023 and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, the summary of material accounting policies, and notes to the Restated Consolidated Financial Information (collectively, the "Restated Consolidated Financial Information").

The Restated Consolidated Financial Information of the Group is prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Restated Consolidated Financial Information and other relevant provisions of the Act.

These Statements have been prepared by the management as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ("SEBI"), on September 11 2018, in pursuance of the Securities and Exchange Board of India Act, 1992 (the "ICDR Regulations"), for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") in connection with its proposed initial public offering ("IPO") of equity shares of face value of Rs. 2 /- each of the Company comprising an offer for sale of equity shares held by the selling shareholders (the "Offer"), in terms of the requirements of –

I. section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act")
II. Paragraph A of Clause 11 (I) of Part A of Schedule VI of the ICDR Regulations
III. the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note")

The Restated Consolidated Financial Information have been compiled by the Management from:

I. Audited Special Purpose Interim Consolidated Ind AS Financial Statements of the Group as at and for the three months period ended 30th June 2024 and 30th June 2023 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on 13th October 2024; and

II. Audited Consolidated Ind AS Financial Statements of the Group as at and for the year ended 31 March 2024, prepared in accordance with Indian Accounting Standard (referred to "Ind AS") as prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India which has been approved by the Board of Directors at their meeting held on 29 September 2024;

III. Audited Special Purpose Ind AS Consolidated Financial Statements of the Group as at 31st March 2023 and 31st March 2022, prepared in accordance with Indian Accounting Standard (referred to "Ind AS") as prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India which has been approved by the Board of Directors at their meeting held on 13th October 2024.

The Consolidated Financial Statements for the year ended March 31, 2024, were the first set of Financial Statements prepared in accordance with the requirements of Ind AS 101 – First time adoption of Indian Accounting Standards. Accordingly, the transition date to Ind AS is April 01, 2022. For all the periods till and including March 31, 2023, the Company prepared its Financial Statements in accordance with accounting standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "IGAAP") due to which Special Purpose Ind AS Financial Statements were prepared for the purpose of IPO.

The Special Purpose Ind AS Financial Statements as at and for the years ended March 31, 2023 and March 31, 2022 have been prepared after making suitable adjustments to the accounting heads for their IGAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with those used at the date of transition to Ind AS (April 01, 2021) and as per the presentation, accounting policies and grouping/classifications including revised Schedule III disclosures followed as at and for the three months period ended June 30, 2024 and June 30, 2023. The Special Purpose Ind AS Financial Statements with required restatement have been included in the Restated Consolidated Financial Statements prepared for the purpose of filing the DRHP.

These Restated Consolidated Financial Statements does not reflect the effects of events that occurred subsequent to the respective dates of board meeting held to approve and adopt the Audited Consolidated Special Purpose Financial Statements and Restated Consolidated Financial Statements as mentioned.

The Restated Consolidated Financial Information have been prepared to contain information/disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:

I. adjustments to the profits or losses of the earlier years for the changes in accounting policies if any to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years and of material errors, if any;

II. adjustments for reclassification/regroupings of the corresponding items of income, expenses, assets and liabilities retrospectively in the years ended March 31, 2024, March 31, 2023 and March 31, 2022, in order to bring them in line with the groupings as per the Restated Consolidated Financial Information of the Group for the three months period ended June 30, 2024 and June 30, 2023 and the requirements of the ICDR Regulations, if any; and

III. the resultant impact of tax due to the aforesaid adjustments, if any.

The Restated Consolidated Financial Information have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The Group has prepared the Restated Consolidated Financial Information on the basis that it will continue to operate as a going concern.

The accounting policies as set out in the following paragraphs of this note, have been consistently applied, by the Group, to all the periods presented in the said Restated Consolidated Financial Information.

1.2. **Functional & Presentational Currency**

The Restated Consolidated Financial Information of the Group are presented in Indian Rupees. The Group has operations in India. The functional currency has been determined as Indian Rupee. All amounts have been rounded off to the nearest million, up to two decimal places, unless otherwise indicated.

1.3 Basis of measurement

These Restated Consolidated Financial Information have been prepared on an accrual and going concern basis under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

a) Certain financial assets and liabilities.
b) The defined benefit asset/(liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All values are rounded to the nearest Millions (INR 000,000) except when otherwise indicated.

1.4 Basis of consolidation of Subsidiary

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period / year are included in the Consolidated Statement of Profit and Loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component's other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Restated Consolidated Financial Information of the Group and its Subsidiary Company have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The Financial Statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as that of the Group. When necessary, adjustments are made to the Financial Statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the transferred asset.

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

1.5 Use of estimates and judgement

The preparation of the Restated Consolidated Financial Information in conformity with recognition and measurement principles of Ind AS requires the Management to make estimates and assumptions that affect the reported balance of assets and liabilities, disclosure relating to contingent liabilities as at the date of the Financial Information and the reported amount of income and expense for the period. Estimates and underlying assumptions are reviewed on ongoing basis.

The estimates and underlying assumptions made by management are explained under respective notes. Revisions to accounting estimates include useful lives of Property, Plant and Equipment, allowance for expected credit loss, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, fair value/recoverable amount measurement, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2. Accounting Policies

2.1 Operating Cycle

Assets and liabilities (i.e. supply of products or service) are classified as current if it is expected to realize or settle within 12 months after the balance sheet date.

2.2 Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different level of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.3 Revenue recognition

The Group derives revenue principally from following streams:

i) Sale of Products
ii) Sale of Services
iii) Other operating Revenue

i) Sale of products

Revenue from sale of products is recognised upon satisfaction of performance obligations i.e 'at Point in time' based on an assessment of the transfer of control as per the terms of the contract.

The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer excluding amounts collected on behalf of a third party.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in profit or loss immediately in the period in which such costs are incurred..

In determining the transaction price for sale of product, the Group considers the effects of variable consideration based on expected value method.Changes to total estimated contract costs, if any, are recognise in the period in which they are determined as assessed at the contract level. If the consideration in the contract includes price variation clause or there are amendments in contracts, the Group estimates the amount of consideration to which it will be entitled in exchange for work performed using Expected value method.

Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, discount, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained.

Amounts billed and due from customers are classified as receivables on the Balance Sheet. The portion of the payments retained by the customer until final contract settlement is not considered for significant financing component since it is usually intended to provide customer with a form of security for Group's remaining performance as specified under the contract, which is consistent with the industry practice.

A liability is recognised for advance payments and the time taken between the receipt of advance and satisfaction of performance obligation against advance is substantially completed within a year. Therefore, the Group has taken the practical expedient for not recognising significant financing component.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Iii) Sale of services:

Revenue from sale of services include job work charges and other services is recognised upon satisfaction of performance obligations i.e 'at Point in time' based on accounting period in which the services are rendered.

iv) Other Income

Interest income from a financial asset is recognised using effective interest rate (EIR) method.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income which are earned on temporary investment of borrowings are deducted from borrowing costs. Any other interest income is recognized as interest income in profit or loss.

2.5 Government Grants

The Group receives government grants in the form of duty drawback & Rodtep licenses. The grant is relates to income. The Group recognises the grant on gross basis aggregating the same in line item other operating revenue in profit or loss as and when the costs that are intended to be compensate have been recognised in profit and loss.

2.6 Leases

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which comprises of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

2.7 Foreign currencies

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Presentation currency is the currency in which the Group's Financial Information are presented. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. In preparing the Financial Information of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise.

2.8 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with borrowing of funds. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset, until such time as the assets are substantially ready for the intended use or sale. Other borrowing costs are recognised as expense in the Profit or Loss in the period in which they are incurred.

2.9 Employee benefits

Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the profit or loss.

Defined contribution plan

The Group makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

The contribution to the provident fund are charged to the Profit & Loss for the year when the contribution are due. The Group has no further obligation, apart from the contribution made on a monthly basis.

Defined benefit plan

The defined benefit plan of Group i.e. gratuity plan, provides for lump sum payment to vested employees on retirement / separation as per the Payment of Gratuity Act, 1972. Gratuity liability is covered by payment thereof to gratuity fund.

The Group's liability towards gratuity is determined on the basis of actuarial valuation done by an independent actuary using projected unit credit method, taking effect of Re-measurement gain and losses in Other Comprehensive Income.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Profit and Loss.

2.10 Taxation

Income tax expense comprises Current tax and deferred tax. Current and deferred tax are recognised in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

a) **Current tax**:

The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that been enacted or substantively enacted by the end of the reporting period.

b) Deferred Tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Restated Consolidated Financial Information and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient tax able temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.11 Property, plant and equipment

Property, Plant and Equipment are stated at cost or deemed cost applied on transition to Ind AS, less accumulated depreciation / amortization and impairment loss if any. Cost of acquisition / construction includes all direct cost net of recoverable taxes and expenditures incurred to bring the asset to its working condition and location for its intended use.

Depreciation and Amortisation

Depreciation is recognised so as to write off the cost of assets (other than freehold land, right of use assets) and properties under construction) less their residual values over their useful lives, using the Written Down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation commences when the assets are ready for their intended use and Right of use assets are amortised using straight-line basis method.

For following class of assets, based on internal assessment and technical evaluation, the management has reassessed the useful lives as different from the useful lives indicated under Part C of Schedule II of the Companies Act 2013. Management believes that the useful lives as given below, best represent the period over which these assets are expected to be used.

Asset Class	Useful Life	Useful Life Indicated under Part C of Schedule II
Buildings	30 to 60 years	5 to 60 Years
Computer and Data Processing	3 Years	3 Years
Furniture and fixtures	8 Years	10 Years
Lab Equipment	5-6 Years	15 Years
Office equipment	3 years	5 years
Plant & equipment	8-15 Years	15 Years
Vehicle	8 Years	10 Years

Derecognition of PPE

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the Property, Plant and Equipment) is recognized in profit or loss when the Property, Plant and Equipment is derecognized.

Capital work-in-progress

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost less any recognised impairment loss. Cost comprises direct cost, related incidental expenses and borrowing cost. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2.12 Impairment of assets

Impairment of financial assets

The Group recognizes loss allowances on a forward looking basis using the expected credit loss (ECL) model for all the financial assets. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The Group recognises impairment loss on trade receivables using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience and adjusted for forward-looking information as permitted under Ind AS 109.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as gain or loss in the Profit or Loss.

Impairment of non-financial assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the profit or loss.

2.13 Inventories

Inventories (Raw material, work-in-progress, finished goods, stores and spares) are stated at the lower of cost and net realisable value. Cost of inventory is determined on the first In first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of work-in-progress and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production

2.14 Provisions, Contingent Liabilities and Contingent Asset

Provisions are recognised when there is present obligation (legal or constructive) as a result of a past event, it is probable that Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as expenses for legal claims, service warranties and other obligations are the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent Assets are not recognised but are disclosed in the Restated Consolidated Financial Information when economic inflow is probable.

2.16 Financial Instruments

Recognition of financial assets:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments

Financial assets and liabilities are initially recognised at fair value except trade receivables which is measured at transaction price. Transaction costs that are directly attributable to financial assets and liabilities (other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in profit & loss. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in market place. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

A) Financial Assets

a) Classification and Measurement of financial assets:

i) Financial assets at Amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

ii) Financial Assets at Fair value through profit or loss (FVTPL):

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the profit or loss. The net gain or loss recognised in the profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

b) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and does not retain control of the assets. The Group continues to recognises the assets to the extent of Group's continuing involvement

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset

c) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the profit or loss except for those which are designated as hedging instruments in a hedging relationship.

- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

B) Financial liabilities, classification, subsequent measurement and derecognition:

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities..

Other Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with bank. The Group considers all highly liquid investments with original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.18 Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 3: Property, Plant and Equipment (PPE)

Particulars	Land Freehold	Buildings	Plant & equipment	Office equipment	Furniture and fixtures	Vehicles	Lab Equipment	Computers	Total
Cost as at 1st April 2021	**37.44**	**2.53**	**294.28**	**1.38**	**0.27**	**4.14**	**0.99**	**0.19**	**341.22**
Additions	-	-	0.70	0.30	-	6.82		0.17	**7.99**
Disposals	21.14	-	-	-	-	0.05			**21.19**
Cost as at 31st March 2022	**16.30**	**2.53**	**294.98**	**1.68**	**0.27**	**10.91**	**0.99**	**0.36**	**328.03**
Accumulated depreciation as at 1st April 2021	**-**	**-**	**-**	**-**	**-**	**-**			**-**
Depreciation	**-**	0.16	53.84	0.70	0.05	1.25	0.25	0.21	**56.46**
Disposals	**-**	-	-	-	-	-	-		**-**
Accumulated depreciation as at 31st March 2022	**-**	**0.16**	**53.84**	**0.70**	**0.05**	**1.25**	**0.25**	**0.21**	**56.46**
Net Carrying amount as at 31st March 2022	**16.30**	**2.37**	**241.14**	**0.98**	**0.22**	**9.66**	**0.74**	**0.15**	**271.57**

Particulars	Land Freehold	Buildings	Plant & equipment	Office equipment	Furniture and fixtures	Vehicles	Lab Equipment	Computers	Total
Cost as at 1st April 2022	**16.29**	**2.53**	**294.99**	**1.68**	**0.27**	**10.91**	**0.99**	**0.35**	**328.01**
Additions	17.40	-	2.11	0.24	0.81	-	-	0.58	**21.14**
Disposals	**-**	-	-	0.05	-	-	-	-	**0.05**
Cost as at 31st March 2023	**33.69**	**2.53**	**297.10**	**1.87**	**1.08**	**10.91**	**0.99**	**0.93**	**349.10**
Accumulated depreciation as at 1st April 2022	**-**	**0.16**	**53.84**	**0.70**	**0.05**	**1.25**	**0.25**	**0.21**	**56.46**
Depreciation	**-**	0.15	47.48	0.60	0.22	3.31	0.20	0.47	**52.43**
Disposals	**-**	-	-	0.04	-	-	-	-	**0.04**
Accumulated depreciation as at 31st March 2023	**-**	**0.31**	**101.32**	**1.26**	**0.27**	**4.56**	**0.45**	**0.68**	**108.85**
Net Carrying amount as at 31st March 2023	**33.69**	**2.22**	**195.78**	**0.61**	**0.81**	**6.35**	**0.54**	**0.25**	**240.25**

Particulars	Land Freehold	Buildings	Plant & equipment	Office equipment	Furniture and fixtures	Vehicles	Lab Equipment	Computers	Total
Cost as at 1st April 2023	**33.69**	**2.53**	**297.10**	**1.87**	**1.07**	**10.91**	**0.99**	**0.93**	**349.09**
Additions	3.38	1.52	35.99	0.30	0.48	4.02	-	0.09	**45.78**
Disposals	**-**	-	-	-	-	2.45	-	-	**2.45**
Cost as at 31st March 2024	**37.07**	**4.05**	**333.09**	**2.17**	**1.56**	**12.48**	**0.99**	**1.02**	**392.42**
									-
Accumulated depreciation as at 1st April 2023	**-**	**0.31**	**101.31**	**1.26**	**0.27**	**4.55**	**0.45**	**0.68**	**108.83**
Depreciation	**-**	0.20	45.37	0.41	0.29	2.77	0.14	0.18	**49.36**
Disposals	**-**	-	-	-	-	2.33	-	-	**2.33**
Accumulated depreciation as at 31st March 2024	**-**	**0.51**	**146.68**	**1.67**	**0.56**	**4.99**	**0.59**	**0.86**	**155.86**
Net Carrying amount as at 31st March 2024	**37.07**	**3.54**	**186.41**	**0.50**	**1.00**	**7.49**	**0.40**	**0.16**	**236.56**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	Land Freehold	Buildings	Plant & equipment	Office equipment	Furniture and fixtures	Vehicles	Lab Equipment	Computers	Total
Cost as at 1st April 2023	**33.69**	**2.53**	**297.10**	**1.87**	**1.07**	**10.91**	**0.99**	**0.93**	**349.09**
Additions	-	-	4.00	0.13	0.01	-	-	0.04	4.18
Disposals	-	-	-	-	-	-	-	-	-
Cost as at 30th June 2023	**33.69**	**2.53**	**301.10**	**2.00**	**1.08**	**10.91**	**0.99**	**0.97**	**353.26**
									-
Accumulated depreciation as at 1st April 2023	**-**	**0.31**	**101.31**	**1.26**	**0.27**	**4.55**	**0.45**	**0.68**	**108.83**
Depreciation	-	0.05	12.40	0.16	0.05	0.55	0.03	0.05	13.29
Disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30th June 2023	**-**	**0.36**	**113.71**	**1.42**	**0.32**	**5.10**	**0.48**	**0.73**	**122.12**
Net Carrying amount as at 30th June 2023	**33.69**	**2.17**	**187.39**	**0.58**	**0.76**	**5.81**	**0.51**	**0.24**	**231.14**

Particulars	Land Freehold	Buildings	Plant & equipment	Office equipment	Furniture and fixtures	Vehicles	Lab Equipment	Computers	Total
Cost as at 1st April 2024	**37.07**	**4.05**	**333.09**	**2.17**	**1.56**	**12.47**	**0.99**	**1.02**	**392.42**
Additions	-	-	6.44	0.20	-	-	-	0.15	6.79
Disposals	-	-	-	-	-	-	-	-	-
Cost as at 30th June 2024	**37.07**	**4.05**	**339.53**	**2.37**	**1.56**	**12.47**	**0.99**	**1.17**	**399.21**
									-
Accumulated depreciation as at 1st April 2024	**-**	**0.51**	**146.68**	**1.67**	**0.57**	**5.00**	**0.59**	**0.86**	**155.88**
Depreciation	-	0.06	10.86	0.08	0.06	0.61	0.10	0.03	11.79
Disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30th June 2024	**-**	**0.57**	**157.54**	**1.75**	**0.63**	**5.61**	**0.69**	**0.89**	**167.68**
Net Carrying amount as at 30th June 2024	**37.07**	**3.48**	**181.99**	**0.62**	**0.93**	**6.86**	**0.30**	**0.28**	**231.53**

Notes:

1. Assets are mortgaged/hypothecated against secured credit facilities availed from banks
2. The Company has opted to continue with carrying value of all of its Property, Plant and Equipment as deemed cost and net carrying value under previous GAAP is recognised as gross carrying amount in Ind AS, on transition date i.e. 1st April 2022 for FY 2024 & onwards and on transition date i.e. 1st April 2021 for FY 2022 and FY 2023.

Note 3.1: Capital Work in Progress

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Capital Work in Progress*	21.00	0.33	9.64	-	-
Total	**21.00**	**0.33**	**9.64**	**-**	**-**

*The capital work in progress relates to the construction of factory building.

Note 3.1: Capital work in progress ageing

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 30th June,2024					
Projects in progress	20.67	0.33			**21.00**
Projects temporarily suspended*					**-**
Total	**20.67**	**0.33**	**-**	**-**	**21.00**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 3.1: Capital work in progress ageing

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 30th June,2023					
Projects in progress	**0.33**				**0.33**
Projects temporarily suspended*					**-**
Total	**0.33**	**-**	**-**	**-**	**0.33**

Note 3.1: Capital work in progress ageing

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March,2024					
Projects in progress	9.64	-	-	-	**9.64**
Projects temporarily suspended*	-	-	-	-	**-**
Total	**9.64**	**-**	**-**	**-**	**9.64**

Note 3.1: Capital work in progress ageing

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March,2023					
Projects in progress	-	-	-	-	**-**
Projects temporarily suspended*	-	-	-	-	**-**
Total	**-**	**-**	**-**	**-**	**-**

Note 3.1: Capital work in progress ageing

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March,2022					
Projects in progress	-	-	-	-	**-**
Projects temporarily suspended*	-	-	-	-	**-**
Total	**-**	**-**	**-**	**-**	**-**

*There are no projects as at each reporting period where activity had been suspended. Also there are no projects as at the reporting period which has exceeded cost as compared to its original plan or where completion is overdue.

Note 4: Investment Property

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Investment in Building					
Opening value	**29.09**	**30.58**	**30.58**	**32.15**	**33.79**
Less: Depreciation	0.35	0.37	1.49	1.57	1.65
Total	**28.74**	**30.21**	**29.09**	**30.58**	**32.14**

The valuation of the building had been conducted by an independent valuer as at 31.08.2024 and the Fair Market Value estimated at Rs. 193.92 millions. There is no restriction on the realisability of investment property or the remittance of income and proceeds of disposal.

Note 5: Right of Use Assets (ROU)

Following are the changes in the carrying value of right of use assets

Particulars	Category ROU Assets		Total
	Buildings	Lease hold rights	
Balance as at 1st April 2021	**5.33**	**-**	**5.33**
Additions	-	-	**-**
Deletion	-	-	**-**
Depreciation	0.91	-	**0.91**
Balance as at 31st March 2022	**4.42**	**-**	**4.42**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	Category ROU Assets		Total
	Buildings	Lease hold rights	
Balance as at 1st April 2022	**4.42**	**-**	**4.42**
Additions	-	3.24	**3.24**
Deletion	-	-	**-**
Depreciation	0.91	0.02	**0.93**
Balance as at 31st March 2023*	**3.51**	**3.22**	**6.73**

*Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

Particulars	Category ROU Assets		Total
	Buildings	Lease hold rights	
Balance as at 1st April 2023*	**3.67**	**3.22**	**6.89**
Additions	-	-	**-**
Deletion	-	-	**-**
Depreciation	0.96	0.03	**0.99**
Balance as at 31st March 2024	**2.71**	**3.19**	**5.90**

*Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

Particulars	Category ROU Assets		Total
	Buildings	Lease hold rights	
Balance as at 1st April 2023	**3.67**	**3.22**	**6.89**
Additions	-	-	-
Deletion	-	-	-
Depreciation	0.24	0.01	0.25
Balance as at 30th June 2023	**3.43**	**3.21**	**6.64**

Particulars	Category ROU Assets		Total
	Buildings	Lease hold rights	
Balance as at 1st April 2024	**2.71**	**3.19**	**5.90**
Additions	148.79	-	148.79
Deletion	2.55	-	2.55
Depreciation	4.29	0.01	4.30
Balance as at 30th June 2024	**144.66**	**3.18**	**147.84**

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expenses in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at end of the period:

Particulars	As at 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Current lease liabilities	22.08	0.30	1.20	1.20	1.20
Non-current lease liabilities	130.47	3.33	1.77	2.64	3.42
Total	**152.55**	**3.63**	**2.97**	**3.84**	**4.62**

The following is the movement in lease liabilities:

Particulars	As at 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Balance at the beginning	2.97	3.84	3.84	4.62	5.33
Additions	148.79	-	-	-	-
Finance cost accrued during the period	3.80	0.09	0.34	0.42	0.49
Deletions	2.82	-	-	-	-
Payment of lease liabilities	0.20	0.30	1.20	1.20	1.20
Balance at the end	**152.54**	**3.63**	**2.98**	**3.84**	**4.62**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

The table below provides details regarding the contractual maturities of lease liabilities as at end of the period on an undiscounted basis:

Particulars	As at 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at March 31 2023	As at March 31 2022
Less than one year	2.28	1.20	1.20	1.20	1.20
One to four years	75.19	3.40	2.20	3.40	4.60
Total	**77.47**	**4.60**	**3.40**	**4.60**	**5.80**

Note:-

The Company does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Note 6: Other financial assets

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Security Deposits (given)	12.44	8.33	11.66	8.10	6.78
Total	**12.44**	**8.33**	**11.66**	**8.10**	**6.78**

Note 7: Deferred Tax Assets (net)

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Deferred Tax*	15.72	19.98	12.90	12.26	10.22
Total	**15.72**	**19.98**	**12.90**	**12.26**	**10.22**

*Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

Movement in Deferred tax assets

Till 30th June 2024	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant & Equipment	8.80	(0.70)	-	9.50
Impairment Loss on Expected credit	4.62	(0.40)	-	5.02
Lease Liabilities	0.75	(37.64)	-	38.39
Provision on employee benefits	1.20	(0.06)	0.01	1.25
Others	2.11	0.07	-	2.04
Total	**17.47**	**(38.75)**	**0.01**	**56.20**

Movement in Deferred tax Liabilities

Till 30th June 2024	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Right to Use Assets	0.68	35.73		36.41
Others	3.89	0.19		4.07
Total	**4.57**	**35.91**	**-**	**40.48**

Movement in Deferred tax assets

Till 30th June 2023	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant & Equipment	6.41	(0.06)	-	6.47
Impairment Loss on Expected credit	5.89	(0.05)	-	5.94
Lease Liabilities	0.97	(0.01)	-	0.98
Provision on employee benefits	1.03	(0.02)	0.02	1.03
Others	9.62	(0.02)	-	9.64
Total	**23.92**	**(0.16)**	**0.02**	**24.06**

(All amounts are Rs. in Millions, unless otherwise stated)

Movement in Deferred tax Liabilities

Till 30th June 2023	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Right to Use Assets	0.92	0.01		0.93
Others	3.12	0.03		3.15
Total	**4.04**	**0.04**	**-**	**4.08**

Movement in Deferred tax assets

FY 2023-2024	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant & Equipment	6.41	(2.38)	-	8.80
Impairment Loss on Expected credit	5.89	1.27	-	4.62
Lease Liabilities	0.97	0.22	-	0.75
Provision on employee benefits	1.03	(0.46)	0.30	1.20
Others	9.61	7.50	-	2.11
Total	**23.91**	**6.14**	**0.30**	**17.46**

Movement in Deferred tax Liabilities

FY 2023-2024	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Right to Use Assets	0.92	(0.24)	-	0.68
Others	3.12	0.77	-	3.89
Total	**4.04**	**0.53**	**-**	**4.57**

Movement in Deferred tax assets

FY 2022-2023	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant & Equipment	3.42	(2.99)	-	6.41
Impairment Loss on Expected credit	6.38	0.50	-	5.89
Lease Liabilities	1.16	0.20	-	0.97
Provision on employee benefits	0.82	(0.23)	(0.01)	1.03
Others	2.29	0.09	-	2.20
Total	**14.08**	**(2.44)**	**(0.01)**	**16.50**

Movement in Deferred tax Liabilities

FY 2022-2023	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Right to Use Assets	1.11	(0.23)	-	0.88
Others	2.74	0.61	-	3.36
Total	**3.86**	**0.38**	**-**	**4.24**

Movement in Deferred tax assets

FY 2021-2022	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Property, Plant & Equipment	0.91	(2.51)	-	3.42
Impairment Loss on Expected credit	6.43	0.05	-	6.38
Lease Liabilities	1.34	0.18	-	1.16
Provision on employee benefits	0.69	(0.16)	0.03	0.82
Others	2.54	0.25	-	2.29
Total	**11.91**	**(2.19)**	**0.03**	**14.07**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Movement in Deferred tax Liabilities

FY 2021-2022	Opening Balance	Recognised in Statement of Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Right to Use Assets	1.34	(0.23)	-	1.11
Others	2.54	0.21	-	2.74
Total	**3.88**	**(0.02)**	**-**	**3.86**

Note 8: Inventories

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Raw Material	561.68	134.54	978.01	60.27	91.91
Finished goods	199.79	220.29	249.48	-	-
Total	**761.47**	**354.83**	**1,227.49**	**60.27**	**91.91**

Note 9: Trade Receivables

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Current					
(a) Trade Receivables - Unsecured					
Trade Receivables considered good	729.95	914.79	1,847.11	815.87	123.11
Trade Receivables considered doubtful					
Total	**729.95**	**914.79**	**1,847.11**	**815.87**	**123.11**
(b) Trade Receivables - credit impaired	19.96	24.09	18.35	23.39	25.36
Less- Allowances for credit losses	(19.96)	(24.09)	(18.35)	(23.39)	(25.36)
Total	**729.95**	**914.79**	**1,847.11**	**815.87**	**123.11**

Note 9.1: Trade Receivables ageing schedule as at 30th June 2024

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 Months	6 Months to 1 Year	1 Year to 2 Year	2 Year to 3 Year	More than 3 Years	Total
(i) Undisputed Trade Receivables – considered good	710.64	4.21	16.78	-	-	18.28	749.91
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	
Total	**710.64**	**4.21**	**16.78**	**-**	**-**	**18.28**	**749.91**
Less:- Loss allowance as per expected credit losses							19.96
Trade Receivables							**729.95**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 9.1: Trade Receivables ageing schedule as at 30th June 2023

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 Months	6 Months to 1 Year	1 Year to 2 Year	2 Year to 3 Year	More than 3 Years	Total
(i) Undisputed Trade Receivables – considered good	247.83	666.96	-	-	-	24.09	938.89
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	
Total	**247.83**	**666.96**	**-**	**-**	**-**	**24.09**	**938.89**
Less:- Loss allowance as per expected credit losses							24.09
Trade Receivables							**914.79**

Note 9.1: Trade Receivables ageing schedule as at 31st March 2024

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 Months	6 Months to 1 Year	1 Year to 2 Year	2 Year to 3 Year	More than 3 Years	Total
(i) Undisputed Trade Receivables – considered good	1,829.91	17.20	-	-	-	18.36	1,865.46
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**1,829.91**	**17.20**	**-**	**-**	**-**	**18.36**	**1,865.46**
Less:- Loss allowance as per expected credit losses							18.35
Trade Receivables							**1,847.11**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 9.1: Trade Receivables ageing schedule as at 31st March 2023

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 Months	6 Months to 1 Year	1 Year to 2 Year	2 Year to 3 Year	More than 3 Years	Total
(i) Undisputed Trade Receivables – considered good	815.87	-	-	-	0.70	22.69	839.26
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**815.87**	**-**	**-**	**-**	**0.70**	**22.69**	**839.26**
Less:- Loss allowance as per expected credit losses							23.39
Trade Receivables							**815.87**

Note 9.1: Trade Receivables ageing schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 Months	6 Months to 1 Year	1 Year to 2 Year	2 Year to 3 Year	More than 3 Years	Total
(i) Undisputed Trade Receivables – considered good	122.76			0.71	1.90	23.11	148.47
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**122.76**	**-**	**-**	**0.71**	**1.90**	**23.11**	**148.47**
Less:- Loss allowance as per expected credit losses							25.36
Trade Receivables							**123.11**

Note 10: Cash and cash equivalents

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Balances with banks					
- in current accounts	40.24	95.66	1.59	185.89	757.69
Cash on hand	2.70	0.60	2.81	1.18	1.32
Total	**42.94**	**96.26**	**4.40**	**187.07**	**759.01**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 11: Bank balance other than cash and cash equivalents

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Current					
Fixed Deposit receipt (FDR)*	3,845.62	2,199.44	2,074.34	2,645.82	1,254.69
Total	**3,845.62**	**2,199.44**	**2,074.34**	**2,645.82**	**1,254.69**

* FDR amounting to INR 819.46 millions {PY INR 615.43 millions(June 2023),INR 802.11 millions(March 2024),INR 175.20 millions(March 2023),INR 51.41 millions(March 2022)} towards margin for issuance of Letter of Credit and Bank Guarantee held as margin money.

Note 12: Other Current Assets

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Advances to vendors	66.21	63.51	83.68	43.84	105.18
Balance with Statutory Authorities					
- Gst-Recoverable	-	30.20	40.86	-	28.03
Export Incentice Receivable	0.04	-	0.04	-	-
Prepaid Expenses	4.99	3.51	1.10	0.91	2.76
Operating lease Rent Receivable*	8.94	4.95	7.94	5.58	1.82
Total	**80.18**	**102.17**	**133.62**	**50.33**	**137.79**

*Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

Note 13: Share Capital

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Authorised Share Capital*					
20,00,00,000 (30 June 23: 20000; 31 March 24: 20,00,00,000; 31 March 23: 20,000; 31 March 22: 20,000) Equity Share of Rs. 2/- (30 June 23: Rs.100 ; 31 March 24: Rs. 2; 31 March 23: Rs.100 ; 31 March 22: Rs. 100) each	400.00	2.00	400.00	2.00	2.00
Issued, subscribed and paid-up capital*					
20,00,00,000 (30 June 23: 20000; 31 March 24: 20,00,00,000; 31 March 23: 20,000; 31 March 22: 20,000) Equity Share of Rs. 2/- (30 June 23: Rs.100 ; 31 March 24: Rs. 2; 31 March 23: Rs.100 ; 31 March 22: Rs. 100) each	400.00	2.00	400.00	2.00	2.00

* Pursuant to a resolution passed by the Shareholders of the Company on 30th October 2023 through extra-ordinary general meeting, the authorised share capital of the Company of Rs. 400 million divided into 20,00,00,000 Equity Shares of Rs. 2 each.

Reconciliation of number of equity shares outstanding at the beginning and end of the year/period

Particulars	Number of shares	As at 30th June 2024	Number of shares	As at 30th June 2023	Number of shares	As at 31st March, 2024	Number of shares	As at 31st March, 2023	Number of shares	As at 31st March, 2022
Shares outstanding at the beginning of the year/ period	200,000,000	400.00	20,000	2.00	20,000	2.00	20,000	2.00	20,000	2.00
Shares Sub-divided during the year/period*	-	-	-	-	980,000	-	-	-	-	-
Shares issued during the year/period**	-	-	-	-	199,000,000	398.00	-	-	-	-
Shares outstanding at the end of the year/ period	**200,000,000**	**400.00**	**20,000**	**2.00**	**200,000,000**	**400.00**	**20,000**	**2.00**	**20,000**	**2.00**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

* Pursuant to a resolution passed by the Shareholders on 24th November 2023 and subsequent allotment on 24th November 2023, the Company has sub-divided the face value of its equity shares from Rs 100 each to Rs 2 each.

**The Company has allotted 199,000,000 equity shares of face value of Rs. 2 each by way of bonus issue to its shareholders and consequently the paid-up share capital of the Company has been increased to 20,00,00,000 equity shares of face value of Rs 2 each. General Reserves of Rs. 398.00 million was utilised for issue of bonus shares.

Term/rights attached to the equity shares:

The Company has single a class of equity shares having a par value of Rs. 2 each. Each holder of equity shares is entitled to one vote per share. Voting rights cannot be exercised in respect of shares on which any call or other sum presently payable has not been paid.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shares held by shareholders holding more than 5% of equity shares:

Particulars	Number of shares	% Holding	Number of shares	% Holding	Number of shares	% Holding	Number of shares	% Holding	Number of shares	% Holding
Equity shares of Rs 2 (30 June 23: Rs.100 ; 31 March 24: Rs. 2; 31 March 23: Rs.100 ; 31 March 22: Rs. 100) each fully paid up held by										
Dr. Shiv Chand Kansal	100,000,000	50.00%	10,000	50.00%	100,000,000	50.00%	10,000	50.00%	10,000	50.00%
Dr. Madhu Kansal	60,000,000	30.00%	6,000	30.00%	60,000,000	30.00%	6,000	30.00%	6,000	30.00%
Mr. Ashish Kansal	33,250,000	16.63%	3,325	16.63%	33,250,000	16.63%	3,325	16.63%	3,325	16.63%
Total	**193,250,000**	**96.63%**	**19,325**	**96.63%**	**193,250,000**	**96.63%**	**19,325**	**96.63%**	**19,325**	**96.63%**

Shares held by promoters at the end of the year/period

Promoter Name	As at 30th June 2024		As at 30th June 2023		As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	No of Shares	(%) of total shares	No of Shares	(%) of total shares	No of Shares	(%) of total shares	No of Shares	(%) of total shares	No of Shares	(%) of total shares
Dr. Shiv Chand Kansal	100,000,000	50.00%	10,000	50.00%	100,000,000	50.00%	10,000	50.00%	10,000	50.00%
Dr. Madhu Kansal	60,000,000	30.00%	6,000	30.00%	60,000,000	30.00%	6,000	30.00%	6,000	30.00%
Mr. Ashish Kansal	33,250,000	16.63%	3,325	16.63%	33,250,000	16.63%	3,325	16.63%	3,325	16.63%
Total	**193,250,000**	**96.63%**	**19,325**	**96.63%**	**193,250,000**	**96.63%**	**19,325**	**96.63%**	**19,325**	**96.63%**

Note: The Company has not bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date:

Particulars	**As at 30th June, 2024**	**As at 30th June, 2023**	**As at 31st March, 2024**	**As at 31st March, 2023**	**As at 31st March, 2022**
Equity shares allotted as fully paid bonus by capitalisation of General Reserve	-	-	199,000,000	-	-

Note 14: Other equity

Particulars	**As at 30th June, 2024**	**As at 30th June, 2023**	**As at 31st March, 2024**	**As at 31st March, 2023**	**As at 31st March, 2022**
Retained Earnings*	4,710.21	3,311.79	4,287.78	3,213.50	2,287.46

Note 14.1: Retained earnings

Particulars	**As at 30th June, 2024**	**As at 30th June, 2023**	**As at 31st March, 2024**	**As at 31st March, 2023**	**As at 31st March, 2022**
Balance at the beginning of the year/ period*	4,284.25	3,219.63	3,219.63	2,287.46	1,410.03
Profit for the year/period	425.93	92.12	1,465.26	926.08	877.35
Bonus share Issued out of profits**	-	-	(398.00)	-	-
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	0.03	0.04	0.89	(0.04)	0.08
Balance at the end of the year/period*	**4,710.21**	**3,311.79**	**4,287.78**	**3,213.50**	**2,287.46**

(All amounts are Rs. in Millions, unless otherwise stated)

*Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

**During the FY 23-24, the company has issued Bonus shares in the ratio of 199:1 through extra-ordinary general meeting to the existing shareholders on 24th November,2023.

Nature and Purpose of Reserves

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

Note 15: Non Controlling Interest

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Balance at the beginning of the year/ period	0.00	0.00	0.00	0.00	-
Profit for the year/period	(0.00)	(0.00)	(0.00)	(0.00)	0.00
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	-	-	-	-	-
Balance at the end of the year/period	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

Note: One share is hold by Dr. Madhu Kansal (Key managerial person) in her individual capacity for which amount INR 100/- paid during the month Nov-21 was paid back dated 16th August 2024 being a beneficial owner of the share. Subsequently, there is no non-controlling interest in the company.

Note 16: Borrowings - Non Current

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Unsecured - at amortised cost	-	-	-	-	-
Loan from Related Parties	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Note 17: Other Financial Liabilities

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Security Deposits received*	8.85	7.64	8.69	7.73	6.74
Total	**8.85**	**7.64**	**8.69**	**7.73**	**6.74**

*Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

Note 18: Provisions - Non Current

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefit - Gratuity	4.40	3.79	4.23	3.64	2.88
Total	**4.40**	**3.79**	**4.23**	**3.64**	**2.88**

Note 19: Other Non Current Liabilities

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Prepaid rent received*	6.19	7.15	6.45	7.10	8.09
Total	**6.19**	**7.15**	**6.45**	**7.10**	**8.09**

*Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 20: Borrowings - Current

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Unsecured - at amortised cost					
- Loan from Related Parties	35.50	-	21.50	-	-
- Interest on above	0.58	-	0.02	-	-
Cash credit Facilities from Bank	-	-	1.03	-	-
Total	**36.08**	**-**	**22.55**	**-**	**-**

Note 21: Trade payables

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Total outstanding dues of micro enterprises and small enterprises(Refer Note. No.21.1)	15.28	2.17	128.44	27.63	2.06
Total outstanding dues of creditors other than micro enterprises and small enterprises	259.81	317.71	368.05	224.08	232.42
Total	**275.09**	**319.88**	**496.49**	**251.71**	**234.48**

Note 21.1:

Disclosure Under the Micro, Small and Medium enterprise Development Act, 2006 are provided as under, to the extent the company has received intimation from the “Suppliers” regarding their status under the Act.

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
(a) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act.)					
(i) Principal amount due to Micro, Small and Medium enterprise.	15.28	2.17	128.44	27.63	2.06
(ii) interest due on above	-	-	-	-	-
(b) Amount of payments made to suppliers beyond the appointed day during the year					
(i) Principal amount paid to Micro, Small and Medium enterprise.	-	-	-	-	-
(ii) interest actually paid under section 16 of MSMED Act.	-	-	-	-	-
(c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006	-	-	-	-	-
(d) The amount of interest accrued and remaining unpaid at the end of accounting year	-	-	-	-	-
(e) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-	-	-	-
Total	**15.28**	**2.17**	**128.44**	**27.63**	**2.06**

Dues of Micro, Small and Medium Enterprises have been determined to the extent such enterprises have been identified on the basis of information collected by the Management.

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Trade Payables ageing schedule

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	
As at 30th June 2024						
(i) MSME*	-	15.28	-	-		15.28
(ii) Others	103.09	76.23	79.34	1.14		259.81
(iii) Disputed dues – MSME	-	-	-	-		-
(iv) Disputed dues – Others	-	-	-	-		-
Total	**103.09**	**91.51**	**79.34**	**1.14**	**-**	**275.09**

Trade Payables ageing schedule

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	
As at 30th June 2023						
(i) MSME*	-	2.17	-	-	-	2.17
(ii) Others	101.62	181.65	31.16	1.68	1.59	317.70
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	**101.62**	**183.82**	**31.16**	**1.68**	**1.59**	**319.87**

Trade Payables ageing schedule

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	
As at 31st March 2024						
(i) MSME*	-	128.44	-	-	-	128.44
(ii) Others	198.43	83.47	86.15	-	-	368.05
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	**198.43**	**211.91**	**86.15**	**-**	**-**	**496.49**

Trade Payables ageing schedule

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	
As at 31st March 2023						
(i) MSME*	-	26.48	-	-	1.14	27.63
(ii) Others	66.87	36.18	119.65	1.07	0.31	224.08
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	**66.87**	**62.66**	**119.65**	**1.07**	**1.45**	**251.71**

Trade Payables ageing schedule

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	
As at 31st March 2022						
(i) MSME*	-	0.53	-	1.35	0.19	2.06
(ii) Others	58.73	138.18	33.77	0.45	1.29	232.42
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	**58.73**	**138.71**	**33.77**	**1.80**	**1.48**	**234.48**

*MSME as per the Micro, Small and Medium Enterprises Development Act 2006

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 22: Other financial liabilities

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Expenses Payable	12.81	7.12	6.87	2.85	7.28
Employee related Dues	8.53	3.81	1.80	3.83	3.10
Advance from related Parties	-	-	2.00	-	-
Total	**21.34**	**10.93**	**10.67**	**6.68**	**10.38**

Note 23: Other Current Liabilities

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Advance from Customers	229.87	337.14	347.81	533.07	2.09
Advance Rent received**	1.05	1.03	1.05	0.99	85.56
Statutory Liabilities	-	-	-	-	-
- GST (net)	23.63	-	-	26.94	-
-Others*	1.32	0.94	5.43	1.84	0.99
Total	**255.87**	**339.11**	**354.29**	**562.84**	**88.64**

*Includes statutory dues wth respect to Withholding tax, Provident fund, Employee state insurance etc.

**Refer Note 47 (xiii) for Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials.

Note 24: Provisions - Current

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefit - Gratuity	0.56	0.47	0.52	0.47	0.37
Total	**0.56**	**0.47**	**0.52**	**0.47**	**0.37**

Note 25: Current Tax Assets (net)

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Provision for Income Tax	-	353.70	502.73	321.90	-
Less: Advance Tax, TDS & TCS	-	(395.97)	(504.66)	(324.12)	-
Total	**-**	**42.27**	**1.93**	**2.22**	**-**

Note 26: Current Tax Liabilities (net)

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Provision for Income Tax	652.69	-	-	-	299.70
Less: Advance Tax, TDS & TCS	(606.40)	-	-	-	(253.72)
Total	**46.29**	**-**	**-**	**-**	**45.98**

Note 27: Revenue From Operations

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
(a) Sale of Products	1,457.40	525.42	5,160.70	3,506.96	3,683.14
Total (A)	**1,457.40**	**525.42**	**5,160.70**	**3,506.96**	**3,683.14**
(b) **Other operating revenue**					
Export incentives	0.27	0.00	0.07	1.32	5.74
Total (B)	**0.27**	**0.00**	**0.07**	**1.32**	**5.74**
Total (A) + (B)	**1,457.67**	**525.42**	**5,160.77**	**3,508.28**	**3,688.88**

Note 27.1: Revenue from contracts with customers disaggregated based on geography

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
India	1,346.63	124.02	4,075.06	2,139.64	2,794.03
Outside India	110.77	401.40	1,085.64	1,367.32	889.11
Total	**1,457.40**	**525.42**	**5,160.70**	**3,506.96**	**3,683.14**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 27.2: The following is analysis on the Company's revenue disaggregates on the basis of timing of revenue recognition

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Point in Time	1,457.40	525.42	5,160.70	3,506.96	3,683.14
Total	**1,457.40**	**525.42**	**5,160.70**	**3,506.96**	**3,683.14**

Note 27.3: Revenue based on business segment

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction period has been allocated.

There is no significant financing component in any transaction with the customer.

Note 28: Other income

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Rent Income	8.15	7.86	31.96	31.33	31.33
Interest Income	8.92	10.57	147.26	107.38	45.58
Net gain on foreign currency transaction & translation	8.31	12.93	24.01	29.20	3.19
Impairement gain on reversal of ECL Provision	-	-	5.03	1.97	0.19
Profit on sale of PPE	-	-	-	0.00	-
Total	**25.38**	**31.36**	**208.26**	**169.88**	**80.29**

Note 29: Cost of Material Consumed

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Raw Material Consumed	690.99	482.36	2,946.99	1,856.98	2,088.53
Total	**690.99**	**482.36**	**2,946.99**	**1,856.98**	**2,088.53**

Note 29.1: Changes in inventories of Finished goods

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Opening Inventory of Finished goods	249.48	-	-	-	-
Closing Inventory of Finished goods	199.79	220.29	249.48	-	-
Changes in inventories of Finished goods	**49.69**	**(220.29)**	**(249.48)**	**-**	**-**

Note 30: Employee Benefits Expense

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Salaries & wages	18.54	12.63	62.97	44.19	33.83
Contribution to provident and other funds	0.26	0.26	1.93	0.86	1.03
Workman and staff welfare	0.29	0.19	1.13	1.13	1.61
Total	**19.09**	**13.08**	**66.03**	**46.18**	**36.47**

Note 31 : Finance Cost

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Bank Charges related to Bank Guarantee	1.90	1.54	6.71	3.80	11.23
Interest on Lease Liability	3.80	0.09	0.34	0.42	0.49
Interest on Security Deposit	0.26	0.26	1.04	0.99	0.99
Total	**5.96**	**1.89**	**8.09**	**5.21**	**12.71**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 32 : Depreciation and Amortization expense

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Depreciation on Property, Plant and Equipment	11.79	13.29	49.36	52.43	56.40
Depreciation on Investment in Properties	0.35	0.37	1.49	1.57	1.70
Depreciation on Right of use Assets	4.30	0.25	0.99	0.93	0.91
Total	**16.44**	**13.91**	**51.84**	**54.93**	**59.01**

Note 33 : Other Expenses

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Consumption of stores & spare parts for machinary	4.24	12.51	27.99	76.23	62.14
Power & Fuel	49.83	57.91	200.96	149.27	160.20
Job work	20.72	28.82	133.85	76.99	45.19
Testing/Firing Expenses	3.57	4.13	42.64	20.92	15.73
Freight Inward	0.55	0.64	2.50	4.21	1.82
Lab. & Consumable Stores	1.40	0.13	1.08	0.31	3.76
Clearing Forwarding Charges	1.49	4.43	11.57	11.80	0.16
Printing and Stationary	0.39	0.19	1.05	0.75	0.47
Fees and Subscriptions	8.14	2.39	8.68	2.57	2.87
Legal and Professional Charges	1.92	1.03	8.77	5.20	1.96
Royalty	-	-	8.71	0.37	-
Audit Remuneration (refer note 33.1)	0.43	0.43	1.70	0.09	0.07
Telephone & Internet Expenses	0.08	0.07	0.42	0.28	0.15
Travelling Expenses	7.96	7.26	20.55	14.42	4.71
Conveyance	1.35	0.70	3.89	4.12	3.35
Vehicle Running and Maintainance Expenses	0.20	0.24	0.93	0.83	1.08
Insurance Charges	0.79	0.96	1.21	0.97	1.28
Electricity & Water Charges (Office)	1.55	0.52	2.23	1.91	1.48
Impairment loss recognised under ECL model	1.61	0.71	-	-	-
Loss on sale of PPE	-	-	0.09	-	-
Property Tax	1.55	1.55	6.21	6.07	12.99
Exhibition Expenses	9.78	5.40	24.79	40.27	21.82
Sales Promotion	0.61	2.46	9.28	14.60	4.06
Freight & Cartage Outward	1.27	1.12	7.11	1.50	21.34
Commission on Sales	-	1.35	4.66	0.19	18.05
Corporate Social Responsibility	7.34	4.91	19.65	21.08	8.87
Miscellaneous Expenses	3.78	2.18	18.07	5.77	2.80
Total	**130.55**	**142.04**	**568.61**	**460.72**	**396.32**

Note 33.1 : Auditor Remuneration

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Statutory Audit fee	0.43	0.43	1.50	0.07	0.06
Tax Audit fee	-	-	0.20	0.03	0.01
Total	**0.43**	**0.43**	**1.70**	**0.10**	**0.07**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 34 : Income Taxes

Income Tax Recognised in Profit and Loss Account

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Current Tax expenses	147.23	31.80	502.73	321.90	299.70
Tax for earlier years/periods	-	-	2.29	8.18	1.30
Deferred Tax expenses / (Income)	(2.83)	(0.13)	6.67	(2.02)	(2.22)
Total Income Tax Recognised in the Current Year/Period	**144.40**	**31.67**	**511.69**	**328.06**	**298.78**

Note 34.1: Income taxes recognised in profit and loss

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year ended 31st March 2023	Year ended 31st March 2022
Current tax expense	147.23	31.80	502.73	321.90	299.70
Income Tax charge/(credit) for earlier years/periods	-	-	2.29	8.18	1.30
Deferred tax expense					
Origination and reversal of temporary differences	(2.83)	(0.13)	6.67	(2.02)	(2.22)
Total income tax expense recognised in the current year/Period	**144.40**	**31.67**	**511.69**	**328.06**	**298.78**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year ended 31st March 2023	Year ended 31st March 2022
Restated Profit before tax	**570.33**	**123.79**	**1,976.95**	**1,254.14**	**1,176.13**
Statutory Income tax rate	25.17%	25.17%	25.17%	25.17%	25.17%
Tax at Indian statutory income tax rate	143.54	31.15	497.56	315.64	296.01
Tax impact of non-deductible/ (deductible) expense	3.69	0.65	5.17	6.26	3.69
Tax due to timing differences	(2.83)	(0.13)	6.67	(2.02)	(2.22)
Adjustment recognised in the current year/period in relation to the current tax of prior years/periods	-	-	2.29	8.18	1.30
Income tax expense recognised in statement of profit and loss	**144.40**	**31.67**	**511.69**	**328.06**	**298.78**

Note 35: Other Comprehensive Expense / (Income)

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Items that will not be reclassified to profit and loss	(0.04)	(0.06)	(1.19)	0.05	(0.11)
Income tax relating to items that will not be reclassified to profit or loss	0.01	0.02	0.30	(0.01)	0.03
Total	**(0.03)**	**(0.04)**	**(0.89)**	**0.04**	**(0.08)**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 36: Earnings per share

Basic earnings per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year/period.

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Restated Profit after tax as per statement of Profit & Loss	425.93	92.12	1,465.26	926.08	877.35
Net earning for computing basic earnings per share	**425.93**	**92.12**	**1,465.26**	**926.08**	**877.35**
Weighted average number of equity shares used in computing the basic earnings per share*	60,00,00,000	60,00,00,000	60,00,00,000	60,00,00,000	60,00,00,000
Weighted average number of equity shares used in computing the diluted earnings per share*	60,00,00,000	60,00,00,000	60,00,00,000	60,00,00,000	60,00,00,000
Basic earnings per share of ₹ 2 each	0.71	0.15	2.44	1.54	1.46
Diluted earnings per share of ₹ 2 each	0.71	0.15	2.44	1.54	1.46
Face value per share (in ₹)	2.00	2.00	2.00	2.00	2.00

***Computation of weighted average number of equity shares used in calculating basic and diluted earning per share is set out below:**

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Opening Balance	20,00,00,000	20,000	20,000	20,000	20,000
Shares split from Rs.100 per equity share to Rs.2 per equity share*	-	9,80,000	9,80,000	9,80,000	9,80,000
Capitalisation of bonus shares issued (199 Bonus share issued per equity share)**	-	19,90,00,000	19,90,00,000	19,90,00,000	19,90,00,000
Capitalisation of bonus shares issued (2 Bonus share issued per equity share)**	40,00,00,000	40,00,00,000	40,00,00,000	40,00,00,000	40,00,00,000
Weighted average number of equity shares	**60,00,00,000**	**60,00,00,000**	**60,00,00,000**	**60,00,00,000**	**60,00,00,000**

*During the FY 23-24 equity shares have been split dated 24th November, 2023 Face value of Rs. 2/- each from Face value Rs. 100/- each.

**During the FY 23-24, the company has issued Bonus shares in the ratio of 199:1 through extra-ordinary general meeting to the existing shareholders on 24th November,2023.

Further, during the FY 24-25, the company has issued Bonus shares in the ratio of 2:1 through extra-ordinary general meeting to the existing shareholders on 05th October 2024.

The earning per share for Split and Bonus has been adjusted for previous periods/ year after calculating EPS by considering impact of increase in shares in accordance with IND AS-33 Earning Per Share.

Note 37: Contingent Liabilities

Particulars	As at 30th June, 2024*	As at 30th June, 2023	As at 31st March, 2024*	As at 31st March, 2023	As at 31st March, 2022
Income Tax	3.48	-	3.47	-	-
GST	41.77	-	41.77	-	-
Civil Cases	20.51	20.51	20.51	20.51	-

***Other than above:-**

a) Notice received under section 133(6) of the Income-tax Act, 1961 for the AY 21-22 dated 07/05/2024 for implication on taxable income amounted Rs. 14.20 millions related to Rent on plant & machinery, reply dated 23/05/2024 submitted by company that the company did not let out any Plant & Machinery but instead have let out the Building on rent. Response awaited from respective authority.

b) Demand cum show cause notice received by the company dated 30.09.2022 alleging fraudulent availment of Input Tax Credit of Rs.158.06 millions. The amount of Rs.154.64 millions was Voluntarily debited by the company on 30.07.2021 through Ledger utilized (Cash/credit). Since the company has contested the charges, the company received show cause notice dated 01.08.2024 under section 74 alleging availment and passing of the fake ITC of Rs. 158.06 millions, company filed reply dated 05.08.2024 for adjournment.

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 38: Commitments

Particulars	As at 30th June, 2024	As at 30th June, 2023	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Capital Commitment	15.66	-	17.40	-	-

Note 39: Employee Benefits

A. The details of various employees benefits provided to employees are as under :

Particulars	Period Ended 30th June, 2024	Period Ended 30th June, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Defined contribution plans:					
Employer's contribution to Provident Fund	0.01	0.01	0.04	0.03	0.04
Employer's contribution to Employee State Insurance Corporation	0.00	0.00	0.00	0.00	0.00
Total	**0.01**	**0.01**	**0.04**	**0.03**	**0.04**

B. Defined benefit plan:

In accordance with the payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to employee at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of the gratuity plan is provided based on actuarial valuation as at end of each financial year based on which the Company contributes the ascertained liability. These plans typically expose the Company to actuarial risks as: investment risk, inherent interest rate risk, longevity risk and salary risk.	
Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in Government securities and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions (demographic and financial) used for the purposes of the actuarial valuations were as follows:

Actuarial assumptions

Description	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Discount rate	7.25	7.25	7.25	7.25	7.25
Salary growth rate	5.00	5.00	5.00	5.00	5.00
Retirement age	60 years	60 years	60 years	60 years	60 years
Mortality	IALM 2012-14	IALM 2012-14	IALM 2012-14	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per annum) (18-30 years)	20%	20%	20%	20%	20%
Withdrawal rate (Per annum) (30-44 years)	5%	5%	5%	5%	5%
Withdrawal rate (Per annum) (44-60 years)	2%	2%	2%	2%	2%

(All amounts are Rs. in Millions, unless otherwise stated)

Amount recognised in the statement of profit and loss is as under:

Description	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31 March 2022
Current service cost	0.18	0.16	0.63	0.58	0.43
Interest cost	0.09	0.07	0.30	0.24	0.20
Other Adjustment	-	-	-	-	-
Net impact on profit (before tax)	0.26	0.23	0.92	0.81	0.63
Actuarial loss/(gain) recognised during the year	(0.04)	(0.06)	(1.19)	0.05	(0.11)
Amount recognised in the statement of profit and loss and other comprehensive income	**0.22**	**0.17**	**(0.27)**	**0.86**	**0.52**

Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31 March 2022
Opening defined obligation	4.74	4.10	4.11	3.25	2.73
Current service cost	0.18	0.16	0.63	0.58	0.43
Interest cost	0.09	0.07	0.30	0.24	0.20
Actuarial loss/(gain) arising from changes in financial assumptions	(0.04)	(0.06)	(1.19)	0.05	(0.11)
Past Service Cost	-	-	0.91		-
Benefits paid	-	-	-	-	-
Closing defined benefit obligation	**4.96**	**4.26**	**4.75**	**4.11**	**3.25**

Breakup of actuarial (gain)/loss:

Description	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31 March 2022
Actuarial (gain)/loss from change in financial assumption	(0.04)	(0.06)	(0.91)	-	-
Actuarial (gain)/loss from experience adjustment	-	-	(0.28)	0.05	(0.11)
Total actuarial loss/(gain)	**(0.04)**	**(0.06)**	**(1.19)**	**0.05**	**(0.11)**

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Sensitivity analysis for gratuity liability

Description	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Impact of the change in discount rate					
Present value of obligation at the end of the year	4.96	4.26	4.75	4.11	3.25
- Impact due to increase of 1 %	4.67	4.01	4.47	3.86	(0.20)
- Impact due to decrease of 1 %	5.28	4.55	5.07	4.38	0.23
Impact of the change in salary					
Present value of obligation at the end of the year	4.96	4.26	4.75	4.11	3.25
- Impact due to increase of 1 %	5.29	4.56	5.07	4.39	0.23
- Impact due to decrease of 1 %	4.66	4.00	4.46	3.85	(0.21)
Impact of the change in withdrawal rate					
Present value of obligation at the end of the year	4.96	4.26	4.75	4.11	3.25
- Impact due to increase of 1 %	4.98	4.28	4.77	4.13	0.02
- Impact due to decrease of 1 %	4.93	4.24	4.72	4.08	(0.02)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

Maturity profile of defined benefit obligation

Description	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Within next 12 months	0.56	0.47	0.52	0.47	0.37
Between 1-5 years	1.36	1.11	1.28	1.13	0.57
After 5 years	3.04	2.68	2.95	2.51	2.31

(All amounts are Rs. in Millions, unless otherwise stated)

Note 40: Related Party Disclosures

Note 40.1: List of Related Parties as per Ind As 24

A.	Nature of relationship	Names of parties
(i)	Subsidiary Company	SMPP Ammunition Private Limited (w.e.f. 02.11.2021)
(ii)	Key management persons	Dr. Shiv Chand Kansal (Managing Director)
		Dr. Madhu Kansal (Whole-Time Director) (w.e.f. 23.08.2024)
		Padam Chand Jain (Chief Financial Officer) (w.e.f. 16.08.2024)
		Ashish Kansal (Whole Time Director & Chief Executive Officer) (w.e.f. 17.08.2024)
		Sachin Jain(Company Secretary) (w.e.f. 17.08.2024)
		Mahima Gupta(Independent Director) (w.e.f. 13.09.2024)
		Ajay Kumar (Independent Director) (w.e.f. 13.09.2024)
		Manoj Gupta(Independent Director) (w.e.f. 13.09.2024)
(iii)	Relatives of Key Management Personnel:	*Ashish Kansal
		Ashima Goel
		Pankaj Goel
		Surender Kansal
		Prem Kansal
		Kiran Singhla,
		Naresh Kansal
		Achla Kansal
		Manoj Agarwal
		Aarti Choudhary
		Rekha Mittal
(iv)	Entity over which KMP's have significant influence	Sopan Properties Private Limited
		SM Engineers & Consultants
		Kansal Auto Spares Private Limited
		Shiv Chand Ashish Kansal HUF
		Macario Technologies Private Limited (w.e.f.17.08.2024)
		Wiseman Systems Private Limited (w.e.f. 08.02.2024)
		Ashish Kansal HUF (w.e.f. 17.08.2024)
(v)	The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	Innovative Techtex Private Limited
		Ashish Kansal HUF (till 16.08.2024)
		Macario Technologies Private Limited (till 16.08.2024)
		Jai Foundation
		Sat Sahib Trading Company

*** w.e.f. 17.08.2024 Ashish Kansal has been appointed as Whole Time Director considered as part of Key Managerial Personnel**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note No 40.2

The following transactions were carried out with related parties in the ordinary course of business:

Nature of Relationship	Name of Related Party	Nature of Transaction	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Key Managerial Personnel	Dr. Shiv Chand Kansal	Director Remuneration	1.80	0.96	7.20	3.84	3.84
		Interest on Loan	0.46	-	0.02	-	-
		Interest Expense on leases	0.01	-	-	-	-
		Loan received	5.00	-	21.50	-	-
		Advance received for purchase of shares of SMPP Ammunition Private Limited (Subsdiary)	-	-	1.00	-	-
	Dr. Madhu Kansal	Director Remuneration	1.80	0.54	7.20	2.16	2.16
		Interest on Loan	0.10	-	-	-	-
		Interest Expense on Leases	0.05	0.09	0.34	0.42	0.49
		Advance received for purchase of shares of SMPP Ammunition Private Limited (Subsdiary)	-	-	1.00	-	-
		Loan received during the year	9.00	-	-	-	-
	Ashish Kansal (w.e.f 17.08.24)	Patent/Royalty fee Paid	-	-	-	-	-
		Salary	-	-	-	-	-
Relatives of Key Management Personnel:	Ashish Kansal	Patent/Royalty fee Paid	-	-	8.71	0.37	-
		Salary	1.80	0.90	7.20	3.60	3.60
Entity over which KMP's have significant influence	SM Engineers & Consultants	Purchases	0.70	0.47	1.64	2.61	1.82
		Sales	0.13	0.13	0.53	0.56	0.55
		Rent received	-	-	0.07	0.07	0.07
	Macario Technologies Private Limited (w.e.f. 17.08.24)	Purchases	-	-	-	-	-
		Job Work	-	-	-	-	-
		Sales	-	-	-	-	-
		Rent received	-	-	-	-	-
	Wiseman System Private Limited	Interest Expense on leases	3.74	-	-	-	-
The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	Macario Technologies Private Limited	Purchases	0.34	134.85	615.12	34.86	22.62
		Job Work	12.86	10.36	67.68	32.29	10.63
		Sales	-	-	-	63.60	-
		Rent received	-	-	0.07	0.07	0.07
	Innovative Techtex Private Limited	Purchases	16.38	36.86	487.87	344.50	201.49
		Sales	-	-	-	149.58	6.19
	Jai Foundation	CSR Expense	-	-	17.72	20.13	8.22
	Sat Sahib Trading Company	Job Work Expense	-	3.83	6.00	1.07	3.79
		Purchases	-	-	-	0.04	-

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Balances Outstanding at year end:

Nature of Relationship	Name of Related Party	Nature of Transaction	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Key Managerial Personnel	Dr. Shiv Chand Kansal	Remuneration Payable	0.41	0.23	-	0.23	0.16
		Lease Liability	0.40	-	-	-	-
		Interest Outstanding	0.48	-	0.02	-	-
		Advance received for purchase of shares of SMPP Ammunition Private Limited (Subsdiary)	1.00	-	1.00	-	-
		Loan from Director	26.50	-	21.50	-	-
	Dr. Madhu Kansal	Remuneration Payable	0.41	0.14	-	0.14	0.12
		Advance received for purchase of shares of SMPP Ammunition Private Limited (Subsdiary)	1.00	-	1.00	-	-
		Lease Liability	-	3.63	2.97	3.84	4.62
		Interest Outstanding	0.10	-	-	-	-
		Loan from Director	9.00	-	-	-	-
	Ashish Kansal (w.e.f. 17.08.24)	Salary Payable	-	-	-	-	-
Relatives of Key Management Personnel	Ashish Kansal	Salary Payable	0.41	0.22	-	0.20	0.20
Entity over which KMP's have significant influence	SM Engineers & Consultant	Purchases	0.19	-	-	-	-
	Macario Technologies Private Limited (w.e.f. 17.08.24)	Purchases	-	-	-	-	-
	Wiseman System Private Limited	Lease Liability	152.15	-	-	-	-
The entity is controlled or jointly controlled by a person or a close member of that person's family of a reporting entity who has significant influence over the reporting entity.	Macario Technologies Private Limited	Purchases	2.45	34.84	-	-	-
	Innovative Techtex Private Limited	Purchases	3.26	8.28	-	-	-
	Sat Sahib Trading Company	Expense Payable	-	1.18	-	-	-

Transactions eliminated during the year: *

Nature of Relationship	Name of Related Party	Nature of Transaction	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Subsidiary	SMPP Ammunition Private Limited	Loan Given	-	0.51	13.01	10.21	0.02
		Interest Income	-	1.17	1.37	-	-
		Loan repaid during the year	-	-	23.22	-	0.02
		Shares Purchased	-	-	-	-	2.00

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Balances eliminated as at the end of the year:*

Nature of Relationship	Name of Related Party	Nature of Transaction	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Subsidiary	SMPP Ammunition Private Limited	Loan Outstanding	-	10.72	-	10.21	-
		Interest Receivable	1.37	1.17	1.37	-	-

*As per Schedule VI (Para 11(I)(A)(i)(g)) of ICDR Regulations

Note 41: Expenditure on corporate social responsibility (CSR)

S. No.	Particulars	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
1	**Gross amount required to be spent by the company during the year/period**					
	Opening balance					
	- With Company	-	-	-	6.82	8.24
	- In Separate CSR Unspent A/c	-	-	-	-	-
	Amount required to be spent during the year/period	-	-	19.65	14.28	7.45
	Amount apportioned for the quarter required to be spent during the year	7.34	4.91	-	-	-
	Amount spent during the year/period					
	- With Company	-	-	1.93	0.96	0.65
	- With Foundation	-	-	-	2.43	6.12
	Amount transferred CSR Unspent A/c (from Foundation)	-	-	17.72	17.70	2.10
	Closing balance as at 31st March, 2024*					
	- With Company	-	-	-	-	6.82
	- In Separate CSR Unspent A/c	-	-	-	-	-
6	Nature of CSR activities	Health care; Livelihood enhancement projects and Any other areas as approved by the Board.				
7	Amount transferred to related party Jai Foundation	-	-	17.72	20.13	8.22

In respect of ongoing project, for previous years 2021-2022,2022-2023 and 2023-24, the company has transferred unspent Corporate Social Responsibility amount to unspent corporate social responsibility account opened with a scheduled bank for respective years on 27th September 2024 amounting to INR 2.10 Million, INR 17.70 Million and INR 19.22 Millions (as against obligation of Rs. INR 17.72 million for fy 23-24) respectively, which was required to be transferred within 30 days from the end of the respective financial years. The respective Corporate Social Responsibility amount had been transferred to Jai foundation separate Bank account in the same financial years.

The company has started utilizing funds lying in unspent CSR account by executing an agreement to sell on October 07, 2024, for purchase of land of Rs. 35.50 Millions to promote and support animal welfare project

As on 1st April 2021 obligation of INR 8.24 Millions includes obligation for the FY 17-18,18-19,19-20 and 20-21 of INR 1.28 Millions,2.06 Millions,INR 2.81 Millions and 2.09 Millions respectively.

(All amounts are Rs. in Millions, unless otherwise stated)

Note 42: Financials Instruments

Financial Instruments- Accounting Classification and Fair Value Measurement

Fair value of instruments measured at amortised cost

The management assessed that fair values of cash and cash equivalents, trade receivables, other receivables, other financial assets, borrowings, trade payables and other financial liabilities approximate their respective carrying amounts largely due to short term maturities of these instruments.

Financial risk management

Categories of financial instruments

Particulars	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Financial assets					
Financial assets at fair value through other comprehensive Income					
Non-current					
Other Financial Assets	12.44	8.33	11.66	8.10	6.78
Current					
Trade Receivables	729.95	914.79	1,847.11	815.87	123.11
Cash and cash Equivalents	42.94	96.26	4.40	187.07	759.01
Bank Balances other than cash and cash equivalents	3,845.62	2,199.44	2,074.34	2,645.82	1,254.69
Total	**4,630.95**	**3,218.82**	**3,937.51**	**3,656.87**	**2,143.59**
Financial liabilities at amortised cost					
Non-current					
Other financial liabilities	8.85	7.64	8.69	7.73	6.74
Current					
Trade payables	275.09	319.87	496.49	251.71	234.48
Other financial liabilities	21.34	10.93	10.67	6.68	10.38
Total	**305.28**	**338.44**	**515.85**	**266.12**	**251.61**

Fair value Hierarchy

i) Fair value measurements:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii) Financial assets measured at Fair Value

Particulars	30th June, 2024	Level 1	Level 2	Level 3
Financial Assets Measured at Amortised Cost				
Security Deposit	12.44	-	-	-
Trade Receivables	729.95	-	-	-
Cash and Cash equivalents	42.94	-	-	-
Bank Balances other than cash and cash equivalents	3,845.62	-	-	-
Total financial assets	**4,630.95**	-	-	-

Particulars	30th June, 2023	Level 1	Level 2	Level 3
Financial Assets Measured at Amortised Cost				
Security Deposit	8.33	-	-	-
Trade Receivables	914.79	-	-	-
Cash and Cash equivalents	96.26	-	-	-
Bank Balances other than cash and cash equivalents	2,199.44	-	-	-
Total financial assets	**3,218.82**	-	-	-

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	31st March, 2024	Level 1	Level 2	Level 3
Financial Assets Measured at Amortised Cost				
Security Deposit	11.66	-	-	-
Trade Receivables	1,847.11	-	-	-
Cash and Cash equivalents	4.40	-	-	-
Bank Balances other than cash and cash equivalents	2,074.34	-	-	-
Total financial assets	**3,937.51**	-	-	-

Particulars	31st March, 2023	Level 1	Level 2	Level 3
Financial Assets Measured at Amortised Cost				
Security Deposit	8.10	-	-	-
Trade Receivables	815.87	-	-	-
Cash and Cash equivalents	187.07	-	-	-
Bank Balances other than cash and cash equivalents	2,645.82	-	-	-
Total financial assets	**3,656.87**	-	-	

Particulars	31st March, 2022	Level 1	Level 2	Level 3
Financial Assets Measured at Amortised Cost				
Security Deposit	6.78	-	-	-
Trade Receivables	123.11	-	-	-
Cash and Cash equivalents	759.01	-	-	-
Bank Balances other than cash and cash equivalents	1,254.69	-	-	-
Total financial assets	**2,143.59**	-	-	

Financial Liabilities measured at Fair Value

Particulars	30th June, 2024	Level 1	Level 2	Level 3
Financial Liabilties Measured at Amortised Cost				
Borrowings	36.08	-	-	-
Trade Payables	275.09	-	-	-
Other financial Liabilities	30.19	-	-	-
Total financial liabilities	**341.36**	-	-	-

Particulars	30th June, 2023	Level 1	Level 2	Level 3
Financial Liabilties Measured at Amortised Cost				
Borrowings	-	-	-	-
Trade Payables	319.87	-	-	-
Other financial Liabilities	18.57	-	-	-
Total financial liabilities	**338.44**	-	-	-

Particulars	31st March, 2024	Level 1	Level 2	Level 3
Financial Liabilties Measured at Amortised Cost				
Borrowings	22.55	-	-	-
Trade Payables	496.49	-	-	-
Other financial Liabilities	19.36	-	-	-
Total financial liabilities	**538.39**	-	-	-

Particulars	31st March, 2023	Level 1	Level 2	Level 3
Financial Liabilties Measured at Amortised Cost				
Trade Payables	251.71	-	-	-
Other financial Liabilities	14.41	-	-	-
Total financial liabilities	**266.12**	-	-	

Particulars	31st March, 2022	Level 1	Level 2	Level 3
Financial Liabilties Measured at Amortised Cost				
Trade Payables	234.48	-	-	-
Other financial Liabilities	17.12	-	-	-
Total financial liabilities	**251.61**	-	-	

Valuation techniques used to determine Fair Value

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are recognised at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities measured at amortised cost is approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair value of other non-current financial assets and liabilities (security deposit taken/given and advance to employees) carried at amortized cost is approximately equal to fair value. Hence carrying value and fair value is taken same.

2) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values. For fixed interest rate borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the company is considered to be insignificant in valuation.

Financial risk management

The Company's activities expose it to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks so as to minimise potential adverse effects on its financial performance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarised ahead.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, which comprises of three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rate.

The Company derives significant portion of its revenue in foreign currency, exposing it to fluctuations in currency movements. The Company has laid down a foreign exchange risk policy as per which senior management team reviews and manages the foreign exchange risks in a systematic manner, including regular monitoring of exposures, proper advice from market experts, hedging of exposures, etc.

The Company uses derivative financial instruments, such as foreign exchange forward contracts, to mitigate foreign exchange related risk exposures. Derivative financial instruments relating to a firm commitment or a highly probable forecast transaction, are marked to market at every reporting date. The company does not use forward contracts for speculative purposes.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	Foreign currency	INR
	30th June 2024	30th June 2024
Financial assets		
Trade Receivables		
In USD	1.00	83.49
In EURO	0.02	2.18
Advances given to Suppliers		
In USD	0.55	45.75
In EURO	0.10	8.75
Trade Payables		
In USD	1.17	97.62
In EURO	0.00	0.13
Advance received from Customer		
In USD	0.04	3.46

Particulars	Foreign currency	INR
	30th June 2023	30th June 2023
Financial assets		
Trade Receivables		
In USD	2.37	194.10
In EURO	0.02	2.18
Advance given to Supplier		
In USD	0.52	42.52
In EURO	0.05	4.82
Financial liabilities		
Trade Payables		
In USD	1.02	83.35
In EURO	0.07	6.27
Advances received from Customers		
In USD	3.53	289.69

Particulars	Foreign currency	INR
	31st March, 2024	31st March, 2024
Financial assets		
Trade Receivables		
In USD	0.62	51.94
In EURO	0.00	0.23
Advance given to Supplier		
In USD	0.81	67.33
In EURO	0.01	0.46
Trade Payables		
In CNY	5.17	59.63
In USD	2.41	201.04
In EURO	0.04	3.74
Advance received from Customer		
In USD	0.45	37.19
In EURO	0.00	0.27

(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	Foreign currency	INR
	31st March 2023	31st March 2023
Financial assets		
Trade Receivables		
In USD	0.78	63.60
Advances given to Suppliers		
In USD	0.33	27.56
In EURO	0.01	1.22
Financial liabilities		
Trade Payables		
In USD	0.09	37.90
In CNY	0.12	10.06
In EURO	0.01	1.21
Advances received from Customers		
In USD	6.30	526.16

Particulars	Foreign currency	INR
	31st March 2022	31st March 2022
Financial assets		
Trade Receivables		
In USD	0.67	50.33
Advances given to Suppliers		
In USD	0.68	50.86
In EURO	0.01	1.22
Financial liabilities		
Trade Payables		
In USD	0.44	33.15
Advances received from Customers		
In USD	0.71	53.16

Sensitivity Analysis

The Following table demonstrate the sensitivity in the foreign exchange rate (USD & EURO) to the Indian Rupees with all other variable held constant. The Impact on statement of profit & loss is given below:

Particulars	Exchange rate increase by 1%	Exchange rate decrease by 1%
	30th June 2024	30th June 2024
	INR	INR
Financial assets		
Trade Receivables		
In USD	0.83	(0.83)
In EURO	0.02	(0.02)
Advances given to Suppliers		
In USD	0.46	(0.46)
In EURO	0.09	(0.09)
Trade Payables		
In USD	0.98	(0.98)
In EURO	0.00	(0.00)
Advance received from Customer		
In USD	0.03	(0.03)

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	**Exchange rate increase by 1%**	**Exchange rate decrease by 1%**
	30th June 2023	**30th June 2023**
	INR	**INR**
Financial assets		
Trade Receivables		
In USD	1.94	(1.94)
In EURO	0.02	(0.02)
Advance given to Supplier		
In USD	0.43	(0.43)
In EURO	0.05	(0.05)
Financial liabilities		
Trade Payables		
In USD	0.83	(0.83)
In EURO	0.06	(0.06)
Advances received from Customers		
In USD	2.90	(2.90)

Particulars	**Exchange rate increase by 1%**	**Exchange rate decrease by 1%**
	31st March 2024	**31st March 2024**
	INR	**INR**
Financial assets		
Trade Receivables		
In USD	0.52	(0.52)
In EURO	0.00	(0.00)
Advance given to Supplier		
In USD	0.67	(0.67)
In EURO	0.00	(0.00)
Trade Payables		
In CNY	0.60	(0.60)
In USD	2.01	(2.01)
In EURO	0.04	(0.04)
Advance received from Customer		
In USD	0.37	(0.37)
In EURO	0.00	(0.00)

Particulars	**Exchange rate increase by 1%**	**Exchange rate decrease by 1%**
	31st March 2023	**31st March 2023**
	INR	**INR**
Financial assets		
Trade Receivables		
In USD	0.64	(0.64)
Advances given to Suppliers		
In USD	0.28	(0.28)
In EURO	0.01	(0.01)
Financial liabilities		
Trade Payables		
In USD	0.38	(0.38)
In CNY	0.10	(0.10)
In EURO	0.01	(0.01)
Advances received from Customers		
In USD	5.26	(5.26)

(All amounts are Rs. in Millions, unless otherwise stated)

Particulars	Exchange rate increase by 1%	Exchange rate decrease by 1%
	31st March 2022	31st March 2022
	INR	INR
Financial assets		
Trade Receivables		
In USD	0.50	(0.50)
Advances given to Suppliers		
In USD	0.51	(0.51)
In EURO	0.01	(0.01)
Financial liabilities		
Trade Payables		
In USD	0.33	(0.33)
Advances received from Customers		
In USD	0.53	(0.53)

Credit Risk

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward looking information such as:

i) Actual or expected significant adverse changes in business;

ii) Actual or expected significant changes in the operating results of the counterparty;

iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation;

iv) Significant increase in credit risk and other financial instruments of the same counterparty;

v) Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

The company's major exposure is from trade receivables, which are unsecured and derived from external customer Credit risk on cash and cash equivalents is limited as the company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Expected credit loss for trade receivable on simplified approach :

The ageing analysis of the trade receivables (gross of provision) has been considered from the date the invoice falls due:

Age Bracket	% of ECL	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Not Due	Nil	710.64	247.83	1,829.91	815.87	122.76
Less than 6 Months	Nil	4.21	666.96	17.20	-	-
More than 6 Months to Less than 1 Year	10%	16.78	-	-	-	-
More than 1 Year to Less than 2 Years	50%	-	-	-	-	0.71
More than 2 Year to Less than 3 Years	100%	-	-	-	0.70	1.90
More than 3 Year	100%	18.28	24.09	18.36	22.69	23.11
	Total	**749.91**	**938.89**	**1,865.46**	**839.26**	**148.47**
Trade Receivables- Credit Impaired		19.96	24.09	18.35	23.39	25.36
Net Trade Receiables		**729.95**	**914.79**	**1,847.11**	**815.87**	**123.11**

Credit risk is managed through credit approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which the company grants credit terms in the normal course of business.

The following table summarizes the change in the loss allowances measured using expected credit loss model (ECL):

Particulars	30th June, 2024	30th June, 2023	31st March, 2024	31st March, 2023	31st March, 2022
Opening	**18.35**	**23.39**	**23.39**	**25.36**	**25.55**
Provided/(Reversal) during the year	1.61	0.71	(5.03)	(1.97)	(0.19)
Closing	**19.96**	**24.09**	**18.35**	**23.39**	**25.36**

(All amounts are Rs. in Millions, unless otherwise stated)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company may be required to pay.

Particulars	Not Due	Less than 1 year	1-2 year	2-3 year	More than 3 years	Carrying Amount
30th June, 2024						
Trade payable	103.09	91.51	79.34	1.14	-	**275.09**
Other financial liabilities	-	23.45	0.99	0.99	4.76	**30.19**
Total	**103.09**	**114.96**	**80.33**	**2.13**	**4.76**	**305.28**

Particulars	Not Due	Less than 1 year	1-2 year	2-3 year	More than 3 years	Carrying Amount
30th June, 2023						
Trade payable	101.62	183.82	31.16	1.68	1.59	**319.87**
Other financial liabilities	-	11.83	0.99	0.99	4.76	**18.57**
Total	**101.62**	**195.65**	**32.15**	**2.67**	**6.35**	**338.44**

Particulars	Not Due	Less than 1 year	1-2 year	2-3 year	More than 3 years	Carrying Amount
31st March, 2024						
Trade payable	198.43	211.91	86.15	-	-	**496.50**
Other financial liabilities	-	12.62	0.99	0.99	4.76	**19.36**
Total	**198.43**	**224.53**	**87.14**	**0.99**	**4.76**	**515.86**

Particulars	Not Due	Less than 1 year	1-2 year	2-3 year	More than 3 years	Carrying Amount
31st March, 2023						
Trade payable	66.87	62.66	119.65	1.07	1.45	**251.71**
Other financial liabilities	-	7.67	0.99	0.99	4.76	**14.41**
Total	**66.87**	**70.34**	**120.64**	**2.06**	**6.21**	**266.12**

Particulars	Not Due	Less than 1 year	1-2 year	2-3 year	More than 3 years	Carrying Amount
31st March, 2022						
Trade payable	58.73	138.71	33.77	1.80	1.48	**234.49**
Other financial liabilities	-	11.37	0.99	0.99	3.77	**17.12**
Total	**58.73**	**150.09**	**34.76**	**2.79**	**5.25**	**251.61**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 43: Segment information

The Company primarily engaged in the business of manufacturing of arms and ammunitions.

The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of Ind AS 108 "Operating Segments".

Geographical Locations: The Company operates in Geographical Segment-India (Country of Domicile) and Outside India.

Revenue from Operations

Particulars	Within India	Outside India	Total
Till 30th June 2024	1,346.63	110.77	**1,457.40**
Till 30th June 2023	124.02	401.40	**525.41**
2023-24	4,075.06	1,085.64	**5,160.69**
2022-23	2,139.64	1,367.32	**3,506.96**
2021-22	2,794.03	889.10	**3,683.12**

Trade Receivables

Particulars	Within India	Outside India	Total
Till 30th June 2024	644.28	**85.66**	**729.95**
Till 30th June 2023	718.52	**196.28**	**914.79**
2023-24	1,780.80	52.17	**1,832.97**
2022-23	752.27	63.60	**815.87**
2021-22	72.78	50.33	**123.11**

Note 44: Reconciliation between the opening & closing balances in the balance sheet for Financial liabilities

Particulars	Note No	As at 01st April 2024	Cash flows	Non Cash	As at 30th June 2024
Borrowing	20	21.52	14.00	0.56	**36.08**
Lease Liabilities	5	-	(1.20)	153.74	**152.54**

Particulars	Note No	As at 01st April 2023	Cash flows	Non Cash	As at 30th June 2023
Lease Liabilities	5	3.84	(0.30)	0.09	**3.63**

Particulars	Note No	As at 01st April 2023	Cash flows	Non Cash	As at 31st March 2024
Borrowing	20	-	21.50	0.02	**21.52**
Lease Liabilities	5	3.84	(1.20)	0.34	**2.97**

Particulars	Note No	As at 01st April 2022	Cash flows	Non Cash	As at 31st March 2023
Borrowing	20	-	-	-	-
Lease Liabilities	5	4.62	(1.20)	0.42	**3.84**

Particulars	Note No	As at 01st April 2021	Cash flows	Non Cash	As at 31st March 2022
Lease Liabilities	5	5.33	(1.20)	0.49	**4.62**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 45: Ratio's

a) Current ratio = Current assets divide by Current liabilities

Particulars	As at *** 30th June 2024	As at 30th June 2023	As at ** 31st March 2024	As at * 31st March 2023	As at 31st March 2022
Current assets	5,460.16	3,709.76	5,288.89	3,761.58	2,366.51
Current liabilities less Lease Liabilities	635.23	670.39	884.52	821.70	379.85
Ratio (in times)	**8.60**	**5.53**	**5.98**	**4.58**	**6.23**
% change from previous year/ period	**55.33%**	**NA**	**30.62%**	**-26.52%**	**NA**

Reason for change more than 25%

* Due to Increase in current liabilities more than the increase in current Assets majorly due to advance received.

** Due to Increase in Cuurent Assets more the the increase in current liabilities majorly due to Inventroy and Trade receivable.

*** Due to Increase in Cuurent Assets more the the increase in current liabilities majorly due to Inventroy and Bank Balance.

b) Inventory Turnover ratio = Revenue from operations divide by Average Inventory

Particulars	As at * 30th June 2024	As at 30th June 2023	As at * 31st March 2024	As at 31st March 2023	As at 31st March 2022
Revenue from operations	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Average Inventory*	1,007.01	203.08	643.88	76.09	91.91
Ratio (in times)	**1.45**	**2.59**	**8.02**	**46.11**	**40.13**
% change from previous year/ period	**-44.05%**	**NA**	**-82.62%**	**14.88%**	**NA**

Average Inventory represents the average of Opening and Closing Inventory.

Reason for change more than 25%

* Due to increase in inventory in comparision to increase in sale

c) Trade Receivable Turnover ratio = Revenue from Operations divide by Average trade receivables

Particulars	As at * 30th June 2024	As at 30th June 2023	As at * 31st March 2024	As at * 31st March 2023	As at 31st March 2022
Revenue from operations	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Average trade receivables	1,288.53	865.33	1,331.49	469.49	123.11
Ratio (in times)	**1.13**	**0.61**	**3.88**	**7.47**	**29.96**
% change from previous year/ period	**86.31%**	**NA**	**-48.13%**	**-75.06%**	**NA**

Average trade receivables represents the average of Opening and Closing trade receivables. It also includes ECL provision.

Reason for change more than 25%

* Due to increase in trade receivable

d) Trade Payable turnover ratio = Net purchases divide by Average trade payables

Particulars	As at 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Net purchases	690.99	482.36	2,946.99	1,856.98	2,088.53
Average trade payables	386.40	285.79	374.48	243.09	234.48
Ratio (in times)	**1.79**	**1.69**	**7.87**	**7.64**	**8.91**
% change from previous year/ period	**5.95%**	**NA**	**3.02%**	**-14.24%**	**NA**

* **Average trade payables** represents the average of Opening and Closing trade payables. It includes payables for purchases and excludes employee payables.

Reason for change more than 25%

Not Required

(All amounts are Rs. in Millions, unless otherwise stated)

e) Net Profit ratio = Net profit after tax divide by Revenue from operations

Particulars	As at * 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Net profit after tax	425.93	92.12	1,465.26	926.08	877.35
Revenue from operations	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Ratio (in %)	**29.22%**	**17.53%**	**28.39%**	**26.40%**	**23.78%**
% change from previous year/ period	**66.66%**	**NA**	**7.56%**	**10.99%**	**NA**

Reason for change more than 25%

* Due to Increase in net profit.

f) Return on equity ratio = Net profit after tax divide by Average shareholders equity

Particulars	As at * 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Net profit after tax	425.93	92.12	1,465.26	926.08	877.35
Average shareholders equity	4,908.20	3,256.03	3,949.85	2,752.48	2,289.46
Ratio (in %)	**8.68%**	**2.83%**	**37.10%**	**33.65%**	**38.32%**
% change from previous year/ period	**206.73%**	**NA**	**10.26%**	**-12.20%**	**NA**

Reason for change more than 25%

* Due to Increase in net profit in comparision to increase in Average shareholders equity

g) Return on capital employed ratio = Profit before interest and tax divide by Capital employed

Particulars	As at * 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Profit before interest and tax	574.39	124.14	1,978.33	1,255.55	1,177.61
Capital Employed	5,110.21	3,313.79	4,687.78	3,215.50	2,289.46
Ratio (in %)	**11.24%**	**3.75%**	**42.20%**	**39.05%**	**51.44%**
% change from previous year/ period	**200.05%**	**NA**	**8.08%**	**-24.09%**	**NA**

Reason for change more than 25%

* Due to Increase in profit before interest and tax in comparision to increase in capital employed

h) Net Capital turnover ratio = Revenue from operations divide by Working capital

Particulars	As at ** 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at * 31st March 2023	As at 31st March 2022
Revenue from operations	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Working Capital	4,802.86	3,039.07	4,403.17	2,938.68	1,985.46
Ratio (in %)	**30.35%**	**17.29%**	**117.21%**	**119.38%**	**185.79%**
% change from previous year/ period	**75.55%**	**NA**	**-1.82%**	**-35.74%**	**NA**

Working capital calculated as current assets less current liabilities.

Reason for change more than 25%

* Due to increase in working capital in comparision to sales

** Due to increase in sale in comparision to working capital

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

i) Debt to Equity ratio = Total Debt divide by Total Equity

Particulars	As at * 30th June 2024	As at 30th June 2023	As at* 31st March 2024	As at 31st March 2023	As at 31st March 2022
Total Debt	36.08	-	22.55	-	-
Total Equity	5,110.21	3,313.79	4,687.78	3,215.50	2,289.46
Ratio (in times)	**0.01**	**-**	**0.00**	**-**	**-**
% change from previous year/ period	**100.00%**	**NA**	**100.00%**	**0.00%**	**NA**

Total Debt represents loan taken from promoters.

Reason for change more than 25%

* Due to Increase in borrowings

j) Debt service coverage ratio = Earnings available for debt service divide by Debt Service

Particulars	As at ** 30th June 2024	As at 30th June 2023	As at * 31st March 2024	As at * 31st March 2023	As at 31st March 2022
Earnings available for debt service	446.44	106.38	1,518.57	982.41	937.83
Total debt Service	4.95	0.09	0.36	0.42	0.49
Ratio (in times)	**90.12**	**1,159.26**	**4,234.72**	**2,355.76**	**1,909.10**
% change from previous year/period	**-92.23%**	**NA**	**79.76%**	**23.40%**	**NA**

Earnings available for debt service calculated as Net profit after taxes plus Depreciation, Interest and Loss on sale of PPE.

Total debt Service comprises of Principal and Interest repayments during the year/period. Interest includes interest on lease payments.

Reason for change more than 25%

* Due to increase in earnings in comparision to debt service

** Due to increase in Debt service in comparision to earnings

f) Return on Investment ratio = Profit divide by cost of Investment

This ratio is not applicable since the company does not have any projects/investments other than current operations.

Note 46 : Dividend

The company has not declared or paid any dividend .

Note 47 : Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with struck off companies.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vi) The Company has one subsidiary downward.

(vii) The lender of the company has not declared company as willful defaulter and also company has not defaulted in loan repayment of loan to the lenders.

(viii)There is no transaction which are not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

(ix) These Special Purpose Ind AS Consolidated Financial Statements are prepared by the management of the Company and approved by the Board of Directors for the purpose of preparation of restated Consolidated financial statement to be included in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, (collectively referred to "Offer Documents") of the Company in relation to its proposed initial public offering of equity shares as required by Section 26 of Part I of Chapter III of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended and the Guidance Note on Reports in Company Prospectuses (Revised 2019) ("the Guidance Note"). As a result, the Special Purpose Ind AS Consolidated Financial Statements may not be suitable for another purpose.

This is addressed to and is provided to enable the Board of Directors of the company to include this report in the Draft Red Herring Prospectus (DRHP) / Red Herring Prospectus (RHP)/ Prospectus prepared in connection with the proposed Initial Public Offer (IPO) of the Equity Shares of the company, to be filed by the company with the Securities and Exchange Board of India (SEBI), BSE Limited and National Stock Exchange of India Limited in connection with the proposed IPO.

(x) The figures representing have value but because of rounding off has been represented as dash(-).

(xi) **Recent Accounting Pronouncements**

The ministry of corporate affairs has notified amendements to IND-AS 116 for sale and lease back transactions and new accounting standards IND-AS 117 Insurance Contracts replacing IND-AS 104 subsequent to 31.03.2024 but applicable from 01.04.2024. The above notification have no impact on the standalone financial statements of the company.

(xii) **Significant events after the reporting period**

The status of the Company has changed from "Private Company" to "Public Company". Pursuant to the provisions and any other applicable provisions of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) and the rules framed thereunder, vide Board approval dated August 16, 2024 and approval of Shareholders dated August 23, 2024, the name of the Company has changed from "SMPP Private Limited" to "SMPP Limited" by deletion of the word "Private" from the name of the Company which was approved by Ministry of Corporate Affairs dated September 13, 2024.

Pursuant to the resolutions passed by our Board of Directors and the shareholders in their meetings dated October 05,2024 and October 05,2024 respectively, the authorised share capital of our company was increased from 20,00,00,000 equity shares of face value of Rs. 2/- per Equity shares to 65,00,00,000 Equity Shares of face Value of Rs. 2/- per equity share.

The company has issued Bonus shares on 05th October 2024 through extra-ordinary general meeting to the existing shareholders in the ratio of 2:1.

SMPP Ammunition Private Limited (Subsidiary company) has availed bridge financing facility ("Bridge Loan") of ₹ 1,000.00 million from State Bank of India on October 10, 2024, for the procurement of plant and machinery at the Manufacturing Plant in Solan which is secured by TDR (Term deposit receipt) of Rs 1050 million which is in the name of Parent entity SMPP Limited.

(xiii)The company has utilized tally, an accounting software for maintaining its books of account. Tally includes an audit trail (edit log) feature that has been consistently used w.e.f 12th April 2023 for all relevant transactions recorded in the software. Due to tally's integrated application and database, establishing audit trail functionality specifically for the tally database is not feasible.

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Note 47 (xiii)
Reconciliaiton of total equity as at March, 31,2022 and April , 30 2021

Particulars	Note no.	As at March 31, 2022	As at April 1, 2021
Total equity (shareholder's funds) under previous GAAP		2,335.08	1,459.43
Total of (A)		**2,335.08**	**1,459.43**
Ind As Adjustments:			
Recognition of Loss allowance based on Expected credit loss	A	(25.36)	(25.55)
Deferred tax impact	B	0.04	-
Depreciation on Right of Use Assets	C	(0.91)	-
Interest expense on Lease Liability	C	(0.49)	-
Reversal of Rent Expenses	C	1.20	-
Operating Lease Rent Receivable	C	1.82	-
Interest Expense on Security Deposits	C	(0.99)	-
Advance rent recevied regonised as Rent Income	C	0.99	-
Total of (B)		**(23.70)**	**(25.55)**
Rectification of Errors			
Depreciation on Property Plant and Equipment (Building)	D	(1.11)	(1.06)
Depreciaiton on Investment in Property	E	(27.72)	(26.08)
Recognition of Gratuity	F	(3.25)	(2.73)
Deferred tax impact	B	10.18	8.03
Preliminary of Expense Written Off.	G	(0.02)	-
Total of (C)		**(21.92)**	**(21.83)**
Total equity (shareholder's funds) under Ind AS (A+B+C)		**2,289.46**	**1,412.05**

Reconciliaiton of total equity as at March, 31,2023 and April , 30 2022

Particulars	Note no.	As at March 31, 2023	As at March 31, 2022
Total equity (shareholder's funds) under previous GAAP		3,257.18	2,335.08
Total of (A)		**3,257.18**	**2,335.08**
Ind As Adjustments:			
Recognition of Loss allowance based on Expected credit loss	A	(23.39)	(25.36)
Deferred tax impact	B	0.04	0.04
Depreciation on Right of Use Assets	C	(1.83)	(0.91)
Interest expense on Lease Liability	C	(0.91)	(0.49)
Reversal of Rent Expenses	C	2.40	1.20
Operating Lease Rent Receivable	C	5.58	1.82
Interest Expense on Security Deposits	C	(0.99)	(0.99)
Advance rent recevied regonised as Rent Income	C	0.99	0.99
Total of (B)		**(18.10)**	**(23.70)**
Rectification of Errors			
Depreciation on Property Plant and Equipment (Building)	D	(1.16)	(1.11)
Depreciaiton on Investment in Property	E	(29.29)	(27.72)
Recognition of Gratuity	F	(4.11)	(3.25)
Deferred tax impact	B	12.22	10.18
Preliminary of Expense Written Off.	G	(1.25)	(0.02)
Total of (C)		**(23.58)**	**(21.92)**
Total equity (shareholder's funds) under Ind AS (A+B+C)		**3,215.50**	**2,289.46**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Reconciliaiton of Profit/(Loss) as at March, 31,2023 and March, 31,2022

Particulars	Note no.	As at March 31, 2023	As at March 31, 2022
Profit after Tax as per Previous GAAP		930.27	876.95
Total of (A)		**930.27**	**876.95**
Ind As Adjustments:			
Recognition of Loss allowance based on Expected credit loss	A	1.97	0.19
Deferred tax impact	B	0.00	0.04
Depreciation on Right of Use Assets	C	(0.91)	(0.91)
Interest expense on Lease Liability	C	(0.42)	(0.49)
Reversal of Rent Expenses	C	1.20	1.20
Operating Lease Rent Receivable	C	3.76	1.82
Interest Expense on Security Deposits	C	-	(0.99)
Advance rent recevied regonised as Rent Income	C	-	0.99
Total of (B)		**5.60**	**1.85**
Rectification of Errors			
Depreciation on Property Plant and Equipment (Building)	D	(0.05)	(0.05)
Depreciaiton on Investment in Property	E	(1.57)	(1.63)
Recognition of Gratuity	F	(0.86)	(0.52)
Deferred tax impact	B	2.05	2.15
Preliminary of Expense Written Off.	G	(1.23)	(0.02)
Income Tax Charge / (credit) for earlier years		(8.18)	(1.30)
Total of (C)		**(9.84)**	**(1.37)**
Total Comprehensive Income under Ind AS (A+B+C)		**926.04**	**877.43**

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

Impact of Ind AS adoption on the statements of cash flows:

For the Year Ended March 31, 2023

Particulars	Note no.	Amount As per Previous GAAP	Effect of Transition to IND AS	Amount As Per IND AS
Net cash Generated / (Used in) from Operating Activities	A,C,D,E,F,G	770.54	(55.95)	714.59
Net cash Generated / (Used in) from Investing Activities	C	(26.88)	(1,254.64)	(1,281.52)
Net cash Generated / (Used in) from Financing Activities	C	-	(5.00)	(5.00)
Net Increase / (decrease) in cash and cash Equivalents		**743.66**	**(1,315.59)**	**(571.93)**
Cash and Cash Equivalents at the Beginning of the Year	I	1,986.47	(1,227.46)	759.01
Cash and Cash Equivalents at the end of the Year	I	**2,730.12**	**(2,543.05)**	**187.07**

For the Year Ended March 31, 2022

Particulars	Note no.	Amount As per Previous GAAP	Effect of Transition to IND AS	Amount As Per IND AS
Net cash Generated / (Used in) from Operating Activities	A,C,D,E,F,G	952.66	(71.16)	881.50
Net cash Generated / (Used in) from Investing Activities	C	11.65	(269.56)	(257.91)
Net cash Generated / (Used in) from Financing Activities	C	(20.33)	7.91	(12.43)
Net Increase / (decrease) in cash and cash Equivalents		**943.98**	**(332.82)**	**611.16**
Cash and Cash Equivalents at the Beginning of the Year	I	1,042.49	(894.64)	147.84
Cash and Cash Equivalents at the end of the Year	I	**1,986.47**	**(1,227.46)**	**759.01**

SMPP LIMITED
(Formerly Known as SMPP PRIVATE LIMITED)
CIN: U32909PB1985PLC006500
Notes to the Restated Consolidated Financial Information
(All amounts are Rs. in Millions, unless otherwise stated)

Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS :-

A. The Company has recognized Expected Credit Loss on Trade receivable.

B. The Company had not recognized deffered tax assets under previous GAAP. The same has been rectified and the company has further recognized deffered tax on right of use and lease liabilities which has been reflected under effects of transition.

C. The Company has given the effect of lease options as required by IND AS 116 which were not required to be considered under IGAAP. The Company has recognized Right of use and lease liability for assets taken on lease. Under previous GAAP,these leases were accounted as Operating lease.

D. The Company had not recognized depreciation on Building under previous GAAP.The error has been rectified by recognizing the same.

E. The Company had classified building held for earning rental income under Property Plant and Equipment in previous GAAP. The same has been reclassified into investment property.

F. The Company had not recognized Provision for gratuity under previous GAAP.The same has been rectified.

G. The Company had expensed off preliminary expense under previous GAAP.

I. The Company reclassified amount of Cash & Cash Equivalent w.r.t. FDR held as margin money under previous GAAP,under the head of Bank Balances other than Cash & Cash Equivalent.

I. The Company reclassified amount of current assets w.r.t. Interest Accrued on FDR under previous GAAP, under the head of Bank Balances other than Cash & Cash Equivalent.

Statement of restatement adjustments to audited Consolidated financial statements

Reconciliation between audited equity and restated equity

Particulars	As at 30th June 2024	As at 30th June 2023	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022	As at 31st March 2021
Total equity as per statutory IND AS financial statements and special purpose Ind AS financial statements, as applicable	**3,301.24**	**5,145.44**	**4,690.24**	**3,215.49**	**2,289.46**	**1,412.05**
Restatement Adjustments	-	-	-	-	-	-
Total equity as per restated financial information	**3,301.24**	**5,145.44**	**4,690.24**	**3,215.49**	**2,289.46**	**1,412.05**

Reconciliation of March, 2023 numbers in special purpose financials visa-viz corresponding numbers of March, 2023 in March, 2024 financials due to change in transition date i.e.. 01 April, 2021 for special pupose financials and 01 April, 2022 for Mar-22 financials:

Balance Sheet:

Heads	As per 01.04.2022 Transition	As per 01.04.2021 Transition	Variance
Right of use of Assets	3.67	3.50	0.16
Operating lease Rent Receivable	3.96	5.58	(1.62)
Deferred Tax Assets (net)	19.86	12.26	7.60
Security Deposits received	7.38	7.73	(0.35)
Prepaid rent received	7.41	7.10	0.30
Advance Rent received	1.03	0.99	0.04
Other Equity	3,219.63	3,213.49	6.14

Profit & Loss:

Heads	As per 01.04.2022 Transition	As per 01.04.2021 Transition	Variance
Rent Income	31.57	31.33	0.24
Interest on Sec Deposit	1.03	0.99	0.04
Amortization of Right of use Assets	0.97	0.93	0.04
Deferred Tax Expenses	(9.23)	(2.02)	(7.20)

(All amounts are Rs. in Millions, unless otherwise stated)

Note 48: Approval of financial statements

The consolidated financial information of the respective periods were approved by the Board of Directors and authorises to issue on 13.10.2024.

As per our report of even date attached

For S S Kothari Mehta & Co. LLP **Chartered Accountants** **Firm Registration No.000756N/N500441**	**For Jagdish Sapra & Co LLP** **Chartered Accountants** **Firm Registration No.001378N/N500037**	**For and on behalf of Board of Directors of SMPP Limited**	
Neeraj Bansal **Partner** **Membership No.095960**	**Vipal Kumar Kalra** **Partner** **Membership No.084583**	**Dr. Shiv Chand Kansal** **Chairman & Managing Director** **DIN : 00048385**	**Ashish Kansal** **Whole-Time Director & CEO** **DIN : 00047579**
Place: New Delhi **Date: 13.10.2024**	**Place: New Delhi** **Date: 13.10.2024**	**Sachin Jain** **Company Secretary** **M.No.- A69132**	**Padam Chand Jain** **CFO & President (Finance)**

OTHER FINANCIAL INFORMATION

The accounting ratios required under Paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations are Set forth below:

(in ₹ million, other than share data)

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Restated Earnings per Equity Share ("**EPS**")					
Basic EPS^# (1)	0.71	0.15	2.44	1.54	1.46
Diluted EPS^# (2)	0.71	0.15	2.44	1.54	1.46
Return on Net Worth/RoNW (%)#(3)	8.33%	2.78%	31.26%	28.80%	38.32%
Net Asset Value per Equity Share/NAV^ (in ₹)(4)	8.52	5.52	7.81	5.36	3.82
EBITDA(5)	567.35	108.23	1,628.62	1,144.40	1,167.56

Notes:

1. Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit for the year/ period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year/ period.

2. Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit for the year/ period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year/ period as adjusted for the effects of all dilutive potential Equity Shares during the year.

3. Return on Net Worth is computed as Net Profit after tax attributable to owners of the parent, as restated/ restated net worth at the end of the year/ period.

4. Net asset value per equity share is calculated as Net Worth in accordance with the Restated Consolidated Financial Information divided by weighted average number of equity shares outstanding at the end of the year/ period.

5. EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses.

^ Taking into consideration the impact of: (i) sub-division of face value of equity shares from ₹100 each to ₹ 2 each pursuant to a resolution of our Board dated November 4, 2023 and a resolution of our Shareholders dated November 24, 2023; (ii) issue of bonus equity shares of face value of ₹2 each in the ratio of 199 equity shares for every equity share held, pursuant to a resolution of our Board dated November 4, 2023 and a resolution of our Shareholders dated November 24, 2023; and (iii) issue of bonus equity shares of face value of ₹2 each in the ratio of two equity shares for every one equity share held, pursuant to a resolution of our Board dated October 5, 2024 and a resolution of our Shareholders dated October 5, 2024.

#Basic and Diluted EPS and Return on Net worth figures for the three months ended June 30, 2024 and June 30, 2023 have not been annualised.

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company, for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 together with all the annexures, schedules and notes thereto ("**Audited Standalone Financial Statements**") are available on our website at www.smgroupindia.com/investors/financials.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Standalone Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company or any entity in which it or its shareholders may have significant influence and should not be relied upon or used as a basis for any investment decision. Neither the Company or any of its advisors, nor any of the BRLMs or the Promoter Selling Shareholder nor any of their respective employees, directors, affiliates, agents, trustees or representatives, as applicable, accept any liability whatsoever for any loss, direct or indirect, arising from reliance placed on any information presented or contained in the Audited Standalone Financial Statements, or the opinions expressed therein.

Related party transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards, i.e., Ind AS 24 - Related Party Disclosures, during the three months ended June 30, 2024 and June 30, 2023 and Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, and as reported in the Restated Consolidated Financial Information, see "***Restated Consolidated Financial Information – Notes forming part of the Restated Consolidated Financial Information – Note 40 – Related party transactions***" on page 317.

Non-generally accepted accounting principles financial measures

Certain Non-GAAP financial measures, such as EBITDA, EBITDA Margin (%), PAT Margin (%), Net Debt, Net Debt to EBITDA (in times), Return on Equity (%), Cash Conversion Cycle (in days), Capital employed, Return on Capital employed (%), Net fixed assets turnover ratio (in times), Net Asset Value per equity share ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with Ind AS, IFRS or U.S. GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, the Non-GAAP Measures as used by the Company and their definition as set out herein, are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us because they are widely used measures to evaluate a company's operating performance. See, "***Risk Factors – Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***" on page 57.

Reconciliation of Non-GAAP Measures

Reconciliation for the following non-GAAP financial measures included in this Draft Red Herring Prospectus, are as set out below

Reconciliation of Profit for the Year/ Period to EBITDA and EBITDA Margin

The table below reconciles profit for the year/ period to EBITDA. EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Restated profit for the year/ period (I)	**425.93**	**92.12**	**1,465.26**	**926.08**	**877.35**
Other income (II)	25.38	31.36	208.26	169.88	80.29
Finance costs (III)	5.96	1.89	8.09	5.21	12.71
Depreciation and amortization expense (IV)	16.44	13.91	51.84	54.93	59.01
Total income tax expense (V)	144.40	31.67	511.69	328.06	298.78
EBITDA (VI = I-II+III+IV+V)	**567.35**	**108.23**	**1,828.62**	**1,144.40**	**1,167.56**
Revenue from operations (VII)	1,457.67	525.43	5,160.77	3,508.28	3,688.88
EBITDA Margin (%) (VIII) = (VI/VII)	**38.92%**	**20.60%**	**35.43%**	**32.62%**	**31.65%**

Reconciliation for Restated Profit for the Year/ Period to Profit After Tax Margin (PAT Margin)

The table below reconciles restated profit for the year/ period to PAT Margin:

Particulars	Three months ended June 30, 2024	2023	Fiscal 2024	2023	2022
	(₹ million, unless otherwise stated)				
Restated Profit for the year/ period (I)	425.93	92.012	1,465.26	926.08	877.35
Revenue from Operations (II)	1,457.67	525.43	5,160.77	3,508.28	3,688.88
PAT Margin (%) (III = I/II)	**29.22%**	**17.53%**	**28.39%**	**26.40%**	**23.78%**

Reconciliation for Total Borrowings to Net Debt and Net Debt to EBITDA

The table below reconciles total borrowings to Net Debt and Net Debt to EBITDA. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.

Particulars	Three months ended June 30, 2024	2023	Fiscal 2024	2023	2022
	(₹ million, unless otherwise stated)*				
Non-current borrowings (I)	-	-	-	-	-
Current borrowings (II)	36.08	-	22.55	-	-
Cash and cash equivalents (III)	42.94	96.26	4.40	187.07	759.01
Bank Balances (IV)	3,845.62	2,199.44	2,074.34	2,645.82	1,254.69
Net Debt (V = (I + II) – (III + IV))	**(3,852.48)**	**(2,295.70)**	**(2,056.19)**	**(2,832.89)**	**(2,013.70)**
EBITDA (VI)	**567.35**	**108.23**	**1,828.63**	**1,144.40**	**1,167.56**
Net Debt to EBITDA (in times) (VII) = (V/VI)	(6.79)	(21.21)	(1.12)	(2.48)	(1.72)

**The figures are on an unannualized basis for the three months ended June 30,2024 and June 30, 2023.*

Reconciliation of Total Equity to Return on Equity

The table below reconciles total equity to return on equity. Return on equity is calculated as restated profit for the year/ period divided by total equity.

Particulars	Three months ended June 30, 2024	2023	Fiscal 2024	2023	2022
	(₹ million, unless otherwise stated)*				
Total equity (I)	5,110.21	3,313.79	4,687.78	3,215.50	2,289.46
Restated profit for the year/ period (II)	425.93	92.12	1,465.26	926.08	877.35
Return on Equity (%) (III) = (II/I)	**8.33%**	**2.78%**	**31.26%**	**28.80%**	**38.32%**

**The figures are on an unannualized basis for the three months ended June 30, 2024 and June 30, 2023.*

Reconciliation of Total Equity to Capital Employed, Restated Profit for the Year/ Period to EBIT and Return on Capital Employed

The table below reconciles total equity to capital employed. Capital employed is calculated as total equity plus total borrowing minus sum of cash and cash equivalents and other bank balances. EBIT is calculated as restated profit for the year/ period minus other income plus total income tax expense and finance costs. Return on Capital Employed is calculated as EBIT divided by capital employed.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated) *				
Profit before tax (I)	570.33	123.79	1,976.95	1,254.14	1,176.13
Finance costs (II)	5.96	1.89	8.09	5.21	12.71
Total EBIT (III) = I+II	**576.29**	**125.68**	**1,985.04**	**1,259.35**	**1,188.84**
Total Asset (IV)	5,917.43	4,006.39	5,594.64	4,059.51	2,691.64
Current Liabilities (V)	657.31	670.69	885.72	822.90	381.05
Capital Employed (VI)	**5,260.12**	**3,335.70**	**4,708.92**	**3,236.61**	**2,310.59**
Return on Capital Employed (%) (VII = III/VI)	**10.96%**	**3.77%**	**42.15%**	**38.91%**	**51.45%**

**The figures are on an unannualized basis for the three months ended June 30, 2024 and June 30, 2023.*

Reconciliation of Revenue from Operations to Net Fixed Assets Turnover Ratio

The table below reconciles revenue from operations to net fixed assets turnover ratio. Net Fixed Assets Turnover Ratio is calculated as revenue from operations for the year/ period divided by cost of property, plant and equipment.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)*				
Revenue from Operations for the year/ period (I)	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Cost of Property, Plant and Equipment (II)	231.53	231.14	236.56	240.25	271.57
Net Fixed Assets Turnover Ratio (in times) (III = I/II)	**6.30**	**2.27**	**21.82**	**14.60**	**13.58**

**The figures are on an unannualized basis for the three months ended June 30, 2024 and June 30, 2023.*

Reconciliation of Net worth to net asset value per equity share

The table below reconciles Net worth to net asset value per equity share. Net asset value per equity share is calculated as Net Worth divided by weighted average number of equity shares.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Net Worth (I) (₹ million)	5,110.21	3,313.79	4,687.78	3,215.50	2,289.46
Weighted average number of equity shares (II)^	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Net Asset Value per equity share (III) = (I/II) (₹ per share)	**8.52**	**5.52**	**7.81**	**5.36**	**3.82**

^Taking into consideration the impact of: (i) issue of bonus equity shares of face value of ₹2 each in the ratio of two equity shares for every one equity share held, pursuant to a resolution of our Board dated October 5, 2024 and a resolution of our Shareholders dated October 5, 2024.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at June 30, 2024, as derived from our Restated Consolidated Financial Information. This table should be read in conjunction with "***Risk Factors***", "***Financial Information***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 32, 275 and 346, respectively.

(₹ in million, except ratios)

Particulars	Pre-offer as at June 30, 2024	As adjusted for the Offer*
Borrowings		
Non-current borrowings**	Nil(2)	[●]
Current borrowings**	36.08	[●]
Total borrowings (A)	36.08	[●]
Equity		
Equity Share capital^** (B)	400.00(1)	[●]
Other equity** (C)	4,710.21	[●]
Non-controlling interest (D	-	[●]
Debt / equity ratio	0.01	[●]
Total equity (E=B+C+D)	**5,110.21**	[●]
Ratio: Non-current borrowings/Total equity	0.01	[●]
Ratio: Total borrowings/Total equity (A/E)	-	[●]

**The corresponding post Offer capitalization data is not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished. To be updated upon finalization of the Offer Price at the Prospectus Stage.*
***These terms shall carry the meaning as per Schedule III of the Companies Act.*

Notes:

1. *Subsequent to June 30, 2024, pursuant to resolutions passed by our Board on October 5, 2024 and by our Shareholders on October 5, 2024, our Company has issued 400,000,000 Equity Shares of face value ₹2 each as a part of a bonus issue to the existing shareholders of the Company in the ratio of 2 equity shares for every 1 equity share held, which were allotted on October 5, 2024.*
2. *Subsequent to June 30, 2024, SMPP Ammunition Private Limited, our Subsidiary, has availed certain credit facilities aggregating to ₹1,000 million from State Bank of India in terms of the sanction letter dated October 10, 2024.*

FINANCIAL INDEBTEDNESS

We avail of borrowings, term loans and credit facilities in the ordinary course of business, for purposes including meeting funding capital expenditure, working capital requirements and other business requirements. See "***Our Management – Borrowing Powers***" on page 259.

The summary details of the outstanding financial indebtedness of our Company as at August 31, 2024, are set forth below:

(in ₹ million)

Category of borrowing	Sanctioned amount	Outstanding amount as on August 31, 2024*
Secured		
Working capital facilities		
- Fund-based	50.00	Nil
- Non fund-based	1,271.20	849.26^
Total	**1,321.20**	**849.26**

** As certified by S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, by way of their certificate dated October 18,2024.*

*^The outstanding amount of non-fund -based facility includes bank guarantees of ₹ 482.09 million obtained by providing 100% cash margin. Subsequent to August 31, 2024, SMPP Ammunition Private Limited has availed certain credit facilities aggregating to ₹1,000 million from State Bank of India in terms of the sanction letter dated October 10, 2024. See, "**Risk factor - We have incurred indebtedness and an inability to obtain further financing or to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition." on page 48**.*

Key terms of borrowings

Indicative terms, conditions and requirements under the various borrowing arrangements entered into by our Company as on the date of this Draft Red Herring Prospectus are set forth below:

1. **Interest:** The interest rates applicable to the fund-based facilities are 0.85% above the six months MCLR. For non-fund based facilities, our bank guarantees bear commissions typically ranging from 0.33% to 0.65% per annum, while letters of credit bear commissions typically ranging from 0.35% to 0.50% per annum.

2. **Tenor**: The tenor of our working capital facilities and fund based facilities ranges upto 365 days. Further, the tenor of our bank guarantees is up to 365 days, while the maximum issuance period for letter of credit ranges up to 90 days.

3. **Security:** In accordance with the terms of our borrowings, we have provided security by way of, among other things:

    a) fixed deposit receipt amounting to 100% of the limit along with lien marked on the fixed deposit;

    b) first pari passu charge over the Company's present and future current assets including all fixed assets, plant, machinery and equipment;

    c) first charge by way of equitable mortgage over land and building underlying the Palwal Manufacturing Facility;

    d) first charge on equitable mortgage over certain immoveable assets of our Promoters, Dr. Shiv Chand Kansal and Dr. Madhu Kansal;

    e) personal guarantee provided by our Promoters, Dr. Shiv Chand Kansal and Dr. Madhu Kansal in favour of State Bank of India and Yes Bank Limited.

4. **Pre-payment:** Certain loans availed by our Company have prepayment provisions which allows for prepayment of the outstanding loan amount subject to terms and conditions stipulated under the loan documents.

5. **Re-payment:** All of the outstanding facilities availed by our Company are repayable on demand in accordance with their terms.

6. **Key covenants:** In accordance with our facility agreements and sanction letters, we are required to comply with various covenants and conditions restricting certain corporate actions, and may further be required to

take the respective lenders prior consent and/ or intimate the respective lender before carrying out such corporate actions, typically including, but not limited to the following:

a) undertaking any changes in the schemes of amalgamation, re-construction, merger or de-merger;
b) undertaking any large-scale expansion or new projects;
c) availing any fresh term borrowings not included in the projections or working capital borrowings outside the maximum permissible bank finance from other lenders;
d) providing guarantees on behalf of third parties;
e) declaring dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default is subsisting in any repayment obligations to the lenders;
f) undertaking any new borrowing or creating a charge on the assets of the Company;
g) creating or permitting to sell, assign, encumber mortgage, hypothecate, pledge, charge or otherwise dispose of any of the fixed assets charged to the lenders;
h) opening of current account with another bank or a bank which is not a member or consortium;
i) undertaking delisting of shares/securities;
j) effecting a material change in the management of the business of our Company; and
k) effecting a change in ownership or control of our Company.

7. ***Events of default**:* Our borrowing arrangements prescribe the following events of default, including among others:

a) failure or inability to pay amount on due dates;

b) breach of any agreement, covenant or representation or warranty under the financing documents;

c) serving of notice for insolvency of our Company or any distress or execution levied or enforced against any property or asset of our Company;

d) application or obtaining of an order for winding up of our Company by any person;

e) material adverse effect;

f) change in control;

g) cross-defaults; and

h) inadequate insurance and depreciation in value of assets

8. ***Consequences of occurrence of events of default:*** In terms of the facility agreements and sanction letters underlying our outstanding financial indebtedness, upon occurrence of events of default, the respective lenders may:

a) terminate or suspend the facilities;

b) demand immediate repayment of facilities, along with all interest accrued and all costs, charges, expenses and other sums, without notice;

c) cancel, recall or accelerate the repayment of the facilities;

d) convert the debt into fully paid-up equity share capital of the Company as permitted by applicable laws/regulatory guidelines;

e) exercise any right, power or remedy permitted to the lender by law, for specific performance of any covenants, condition or term of the financing documents;

f) set-off or appropriate any credit balance standing upon any account of the Company with the respective lender in India or abroad; and

g) exercise the right to take possession or to transfer secured asset.

9. ***Default interest or penalty for overdue payments***: 0.25% to 1.5% for overdue payments subject to other conditions as prescribed at the time of disbursements/ availment as stipulated under the loan documents.

The terms and conditions disclosed herein are indicative, and there may be additional terms that may require the consent of the relevant lender, the breach of which may amount to an event of default under various borrowing arrangements entered into by us, and the same may lead to consequences other than those stated above. As on the date of this Draft Red Herring Prospectus, we have obtained the necessary consents required under the relevant loan documentation for undertaking activities in relation to the Offer. See "***Risk Factors – We have incurred indebtedness and an inability to obtain further financing or to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition.***" on page 48.

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

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for the three months ended June 30, 2024 and 2023, and Fiscals 2024, 2023 and 2022 and should be read in conjunction with "**Restated Consolidated Financial Information**" on page 275.*

*This Draft Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "**Forward-Looking Statements**" on page 18. Also see "**Risk Factors**" and "**– Significant Factors Affecting our Results of Operations and Financial Condition**" on pages 32 and 346, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Our Company's Fiscal commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, the financial information for the three months ended June 30, 2024 and 2023, and Fiscals 2024, 2023 and 2022 included herein is derived from the Restated Consolidated Financial Information, included in this Draft Red Herring Prospectus. For further information, see "**Restated Consolidated Financial Information**" on page 275. In this section, we have compared our consolidated financial information as of and for the three months ended June 30, 2024 and June 30, 2023, and as of and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022.*

*Ind AS differs in certain respects from Indian GAAP, IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Also see "**Risk Factors — Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition**" on page 65.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Defense Industry Report" dated October 18, 2024 (the "**1Lattice Report**") prepared and issued by Lattice Technologies Private Limited, appointed by us pursuant to an engagement letter dated August 8, 2024 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Offer. The data included herein includes excerpts from the 1Lattice Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, financial, operational, industry and other related information derived from the 1Lattice Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal. A copy of the 1Lattice Report is available on the website of our Company https://smgroupindia.com/investors/industry-report/. For further information, see "**Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from the industry report titled "Defense Industry Report" which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.**" on page 55. Also see, "**Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation –Industry and Market Data**" on page 15.*

OVERVIEW

For details regarding the overview of the Company, see "***Our Business – Overview***" on page 211.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

1. Government Incentives and Spending on Defence Equipment

We design and manufacture defence equipment including ammunition components, personal protection products and protection kits for land, air and sea platforms. Our personal protection products include bullet resistant jackets, armor plates, ballistic helmets and shields customized for armed forces, police, paramilitary and other security forces, while our platform protection kits provide protection for vehicles, patrol boats, aircrafts and helicopters in combat situations including counter insurgency and anti-terror operations. Consequently, our business is dependent on orders from different state or central governments, including the relevant ministry of defence and ministry of home affairs of such governments, or organizations and entities owned or controlled by such governments including military forces, para-military forces and police forces in various countries (collectively, "**Government Entities**"). We derive a significant portion of our revenues from the Government Entities and expect this trend to continue in the future. The table below sets forth details of our revenues generated from supplies made to Government Entities in the years/ periods indicated:

Particulars	**For the three months ended June 30, 2024**	**For the three months ended June 30, 2023**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Revenues from the Government Entities (₹ million)	1,343.77	285.67	4,396.53	2,384.26	2,756.42
Revenues from the Government Entities as a percentage of total revenue from operations	92.19%	54.37%	85.19%	67.96%	74.72%

Over the last few years, our results of operations have been favourably affected by Government initiatives in the defence sector. The Government has implemented significant reforms in the defence sector, with a strong commitment to minimizing foreign dependence and building a robust domestic defence manufacturing base. The Government has introduced numerous policies under the 'Make in India' initiative and the 'Atmanirbhar' vision, introducing reforms to promote the indigenous design, development and manufacturing of defence equipment in the country, thereby reducing reliance on defence imports. The Ministry of Defence has introduced the SRIJAN portal to drive indigenization within the defence sector and over 30,000 previously imported items have been listed on the portal, inviting Indian manufacturers to participate in their production. The Ministry of Defence has set a target of achieving 70% self-reliance in weaponry by 2027, opening up substantial opportunities for industry stakeholders. Further, in July 2024, the Department of Defence Production, Ministry of Defence notified the fifth Positive Indigenisation List consisting of several items that will now only be procured from Indian manufacturers. *(Source: 1Lattice Report)*

Although we expect to generally benefit from such Government policies, our contracts with Government Entities are subject to the availability of parliamentary appropriations made available in the Government's budget for spending on the procurement of defence equipment. While there has been an increase in the total defence allocations by the Government of India over a period of time, the level of defence spending and consequently our results of operations may be impacted by numerous factors such as the evolving nature of the national security concerns, foreign policy, domestic political environment and macroeconomic conditions. Further, since we export our products to different countries, our results of operations may be affected by the policies of such countries and their requirement for the defence equipment that we manufacture.

1. Volume and Mix of Products Manufactured and Sold

The key driver in the growth of our revenue from operations has been the volume of products manufactured and sold by us. Increased sales volume favourably affects our results of operations as it enables us to benefit from economies of scale in procurement and manufacturing and improves our operating margins through our ability to leverage our fixed cost base. In order to be awarded orders by Government Entities, we are required to participate in a competitive tendering process and meet specific criteria set out in the tender documents including those relating to the pricing, specification and local content of our products. The tender process has several stages and typically includes a technical evaluation process, field evaluation trials followed by contract negotiation. If we are required to lower the price of our products in order to win tenders, our margins and revenues may be adversely affected. The tender process can be long and subject to significant delays. In addition, the terms and conditions of contracts to be entered into with Government Entities may be onerous and our ability to negotiate such terms may be limited. Our contracts with Government Entities are generally on a fixed-price basis and allow for price adjustments in long-term contracts. At the outset of our contracts, we identify and monitor risks in achieving the technical requirements, meeting the specified delivery schedule and cost aspects of the contract and assess the effects of those risks on our estimates and assumptions of total costs to complete the contract. Hence, the profitability of these contracts will significantly be determined by the accuracy of our assumptions and estimates used in the costing of the contract and how efficiently we execute the contract.

In addition, in order to maximize our profits, we must maintain optimum levels of capacity utilization at our manufacturing facility and an appropriate standard of quality in our equipment, processes and products. Attaining and maintaining this level of utilization and quality requires considerable expense and planning. Our actual production volumes may differ significantly from our estimates due to variations in customer demand for our products. Further, since the number of orders that our customers place with us may differ from quarter to quarter, our revenues, results of operations and cash flows have fluctuated in the past and we expect this trend to continue in the future. If we are unable to achieve and maintain optimum levels of capacity utilization at our manufacturing facility in the future, our financial condition and results of operations may be adversely affected.

2. ***Our Expansion Plans***

Our future results of operations will be affected by our expansion plans. We have been manufacturing combustible cartridge cases for tank and artillery ammunition and are focussed on catering to the growing demand for indigenously manufactured ammunition in India. As part of our proposed forward integration initiatives, we are in the process of setting up our Planned Ammunition Manufacturing Facility in Solan, Himachal Pradesh, India ("**Ammunition Project**"), through investment in our Subsidiary, SMPP Ammunition Private Limited. Pursuant to a lease deed dated March 1, 2024, we have been allotted certain industrial land admeasuring approximately 3,237,600 sq. mts. (approximately 800 acres) on a leasehold basis for a period of 95 years. Pursuant to setting up the Ammunition Project, we intend to commence the manufacturing of ammunition of 155 mm caliber at the Planned Ammunition Manufacturing Facility, for use in military applications such as artillery. We intend to eventually expand our production to include other large and medium caliber ammunition, which can be undertaken by minor adjustments to the plant and equipment proposed for the Ammunition Project. We may further explore setting up in-house production facilities for raw materials required for manufacture of ammunition, including nitrocellulose ("**NC**"), nitroguinadine ("**NG**"), NC-NG paste, single base, double base and triple base propellants.

We intend to deploy ₹ 3,562.99 million from the Net Proceeds towards setting up of Planned Ammunition Manufacturing Facility. For further details, see *"**Objects of the Offer - Financing the capital expenditure towards construction of buildings and land development, and procurement of plant and machinery for setting up the Planned Ammunition Manufacturing Facility ("Ammunition Project") through investment in SMPP Ammunition Private Limited, our Subsidiary**"* on page 105.

3. ***Cost and Availability of Raw Materials***

The majority of our cost structure is attributed to the cost of materials consumed. For the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, our cost of materials consumed (including changes in inventory of finished goods) was ₹ 740.67 million, ₹ 262.07 million, ₹ 2,697.51 million, ₹ 1,856.98 million and ₹ 2,088.53 million or 81.15%, 60.53%, 79.52%, 76.61%, 80.54% of our total expenses, respectively. Our primary raw materials for manufacturing our products include boron carbide powder, ballistic fabrics, solvents, resins and adhesives. We typically procure such materials through purchase orders and do not enter into any long-term agreements with our suppliers. We are thus exposed to fluctuations in availability and prices of our raw materials and we may not be able to effectively pass on all increases in cost of raw materials to our customers, which may affect our margins and results of operations. The price of our raw materials may fluctuate due to several reasons including market fluctuations, currency fluctuations, production and transportation costs and changes in domestic and international trade policies. Any inability on our part to procure sufficient quantities of raw materials and on commercially acceptable terms, could lead to a change in our manufacturing and sales volumes.

4. ***Our R&D Initiatives***

We are focused on undertaking dedicated R&D in our existing products and in areas where we believe there is significant growth potential. Our focus on R&D has helped us develop an extensive range of personal protection products and armor kits and grow our business. We have secured a number of registered patents and designs for our products and as of the date of this Draft Red Herring Prospectus, we have four patents granted in India and one patent granted in the United States of America and we have applied for four patents in India and one patent each in Thailand and Philippines which are pending approval. We have four designs granted in India and two designs applications pending in India. Our investment in R&D has resulted in user-centric personal protection products, such as bullet resistant jackets with dynamic load distribution systems and advanced helmet protection solutions, enabling us to continuously evolve our product offerings based on customer needs and industry trends. In order to develop new products and upgrade existing products, we may be required to commit substantial time, funds and other resources. Our investments in R&D for future products could result in higher costs without a proportionate increase in our revenues. In addition, we must adapt to rapid changes in our industry due to technological advances. The cost of implementing new technologies, upgrading our manufacturing facility and retaining our research staff could be significant and could affect our profitability.

PRESENTATION OF FINANCIAL INFORMATION

The Restated Consolidated Financial Information of our Company and its Subsidiary (the "**Group**") comprises the restated consolidated statement of assets and liabilities as at June 30, 2024, June 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity, the restated consolidated statement of cash flows for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, for the period beginning April 1, 2024 to June 30, 2024 and for the period beginning from April 1, 2023 to June 30, 2023, the summary statement of material accounting policies, and other explanatory information, prepared as per the requirement of Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations, and the Guidance Note on 'Reports in Company Prospectuses (Revised 2019)' issued by the Institute of Chartered Accountants of India, as amended from time to time. The Restated Consolidated Financial Information are derived from our audited special purpose interim consolidated financial statements as at and for the three months ended June 30, 2024 and June 30, 2023, our audited consolidated financial statements as at and for the year ended March 31, 2024 and audited special purpose consolidated financial statements as at and for the years ended March 31, 2023 and March 31, 2022, prepared in accordance with the Indian Accounting Standards and the Companies Act read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and the other relevant provisions of the Companies Act.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies forming basis of the preparation of our Restated Consolidated Financial Information is set forth below. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

Operating Cycle

Assets and liabilities (i.e. supply of products or service) are classified as current if it is expected to realize or settle within 12 months after the balance sheet date.

Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.
Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different level of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Revenue recognition

The Group derives revenue principally from following streams:

Sale of Products
Sale of Services
Other operating Revenue

i) Sale of products

Revenue from sale of products is recognised upon satisfaction of performance obligations i.e 'at Point in time' based on an assessment of the transfer of control as per the terms of the contract.

The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied.

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer excluding amounts collected on behalf of a third party.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in profit or loss immediately in the period in which such costs are incurred.

In determining the transaction price for sale of product, the Group considers the effects of variable consideration based on expected value method. Changes to total estimated contract costs, if any, are recognise in the period in which they are determined as assessed at the contract level. If the consideration in the contract includes price variation clause or there are amendments in contracts, the Group estimates the amount of consideration to which it will be entitled in exchange for work performed using Expected value method.

Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, discount, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained.

Amounts billed and due from customers are classified as receivables on the Balance Sheet. The portion of the payments retained by the customer until final contract settlement is not considered for significant financing component since it is usually intended to provide customer with a form of security for Group's remaining performance as specified under the contract, which is consistent with the industry practice.

A liability is recognised for advance payments and the time taken between the receipt of advance and satisfaction of performance obligation against advance is substantially completed within a year. Therefore, the Group has taken the practical expedient for not recognising significant financing component.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Sale of services:
Revenue from sale of services include job work charges and other services is recognised upon satisfaction of performance obligations i.e 'at Point in time' based on accounting period in which the services are rendered.

Other Income

Interest income from a financial asset is recognised using effective interest rate (EIR) method.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income which are earned on temporary investment of borrowings are deducted from borrowing costs. Any other interest income is recognized as interest income in profit or loss.

Government Grants

The Group receives government grants in the form of duty drawback and Remission of Duties and Taxes on Exported Products ("**RoDTEP**") licenses. The grant is relates to income. The Group recognises the grant on gross basis aggregating the same in line item other operating revenue in profit or loss as and when the costs that are intended to be compensate have been recognised in profit and loss.

Leases

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which comprises of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

Foreign currencies

Presentation currency is the currency in which the Group's Financial Information are presented. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. In preparing the Financial Information of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise.

Borrowing cost

Borrowing costs are interest and other costs incurred in connection with borrowing of funds. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset, until such time as the assets are substantially ready for the intended use or sale. Other borrowing costs are recognised as expense in the Profit or Loss in the period in which they are incurred.

Employee benefits

Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the profit or loss.

Defined contribution plan

The Group makes contribution to statutory provident fund in accordance with Employees' Provident Fund and

Miscellaneous Provisions Act, 1952.

The contribution to the provident fund are charged to the Profit & Loss for the year when the contribution are due.

The Group has no further obligation, apart from the contribution made on a monthly basis.

Defined benefit plan

The defined benefit plan of Group i.e. gratuity plan, provides for lump sum payment to vested employees on retirement / separation as per the Payment of Gratuity Act, 1972. Gratuity liability is covered by payment thereof to gratuity fund.

The Group's liability towards gratuity is determined on the basis of actuarial valuation done by an independent actuary using projected unit credit method, taking effect of Re-measurement gain and losses in Other Comprehensive Income.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Profit and Loss.

Taxation

Income tax expense comprises Current tax and deferred tax. Current and deferred tax are recognised in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

Current tax:

The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Restated Consolidated Financial Information and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient tax able temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Property, plant and equipment

Property, Plant and Equipment are stated at cost or deemed cost applied on transition to Ind AS, less accumulated depreciation / amortization and impairment loss if any. Cost of acquisition / construction includes all direct cost net of recoverable taxes and expenditures incurred to bring the asset to its working condition and location for its intended use.

Depreciation and Amortisation

Depreciation is recognised so as to write off the cost of assets (other than freehold land, right of use assets) and properties under construction) less their residual values over their useful lives, using the Written Down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation commences when the assets are ready for their intended use and Right of use assets are amortised using straight-line basis method.

For following class of assets, based on internal assessment and technical evaluation, the management has reassessed the useful lives as different from the useful lives indicated under Part C of Schedule II of the Companies Act 2013. Management believes that the useful lives as given below, best represent the period over which these assets are expected to be used.

Asset Class	Useful Life	Useful Life Indicated under Part C of Schedule II
Buildings	30 to 60 years	5 to 60 Years
Computer and Data Processing	3 Years	3 Years
Furniture and fixtures	8 Years	10 Years
Lab Equipment	5-6 Years	15 Years
Office equipment	3 years	5 years
Plant & equipment	8-15 Years	15 Years
Vehicle	8 Years	10 Years

Derecognition of PPE

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the Property, Plant and Equipment) is recognized in profit or loss when the Property, Plant and Equipment is derecognized.

Capital work-in-progress

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost less any recognised impairment loss. Cost comprises direct cost, related incidental expenses and borrowing cost. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment of assets

Impairment of financial assets

The Group recognizes loss allowances on a forward looking basis using the expected credit loss (ECL) model for all the financial assets. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The

Group recognises impairment loss on trade receivables using expected credit loss model which involves use of a provision matrix constructed on the basis of historical credit loss experience and adjusted for forward-looking information as permitted under Ind AS 109.
The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as gain or loss in the Profit or Loss.

Impairment of non-financial assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the profit or loss.

Inventories

Inventories (Raw material, work-in-progress, finished goods, stores and spares) are stated at the lower of cost and net realisable value. Cost of inventory is determined on the first In first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of work-in-progress and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production

Provisions, Contingent Liabilities and Contingent Asset

Provisions are recognised when there is present obligation (legal or constructive) as a result of a past event, it is probable that Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as expenses for legal claims, service warranties and other obligations are the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent Assets are not recognised but are disclosed in the Restated Consolidated Financial Information when economic inflow is probable.

Financial Instruments

Recognition of financial assets:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments
Financial assets and liabilities are initially recognised at fair value except trade receivables which is measured at transaction price. Transaction costs that are directly attributable to financial assets and liabilities (other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)) are added to or deducted

from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in profit & loss. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in market place. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

Financial Assets

Classification and Measurement of financial assets:

Financial assets at Amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial Assets at Fair value through profit or loss (FVTPL):

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the profit or loss. The net gain or loss recognised in the profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and does not retain control of the assets. The Group continues to recognises the assets to the extent of Group’s continuing involvement

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the profit or loss except for those which are designated as hedging instruments in a hedging relationship.

- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

Financial liabilities, classification, subsequent measurement and derecognition:

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Other Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with bank. The Group considers all highly liquid investments with original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
For the purpose of calculating Diluted Earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NON-GAAP MEASURES

EBITDA, EBITDA Margin (%), PAT Margin (%), Net Debt, Net Debt to EBITDA (in times), Return on Equity (%), Capital employed, Return on Capital employed (%), Net fixed assets turnover ratio (in times), Net Asset Value per equity share (together, "**Non-GAAP Measures**"), presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these Non-GAAP Measures are not standardized terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Reconciliation of Restated Profit for the Year/ Period to EBITDA and EBITDA Margin

The table below reconciles restated profit for the year/ period to EBITDA. EBITDA is calculated as restated profit for the year/ period minus other income plus finance costs, depreciation and amortisation, total income tax expenses, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Restated Profit for the year/ period (I)	**425.93**	**92.12**	**1,465.26**	**926.08**	**877.35**
Other income (II)	25.38	31.36	208.26	169.88	80.29
Finance costs (III)	5.96	1.89	8.09	5.21	12.71
Depreciation and amortization expense (IV)	16.44	13.91	51.84	54.93	59.01
Total tax expense (V)	144.40	31.67	511.69	328.06	298.78
EBITDA (VI = I-II+III+IV+V)	**567.35**	**108.23**	**1,828.63**	**1,144.40**	**1,167.56**
Revenue from operations (VII)	1,457.67	525.42	5,160.77	3,508.28	3,688.88
EBITDA Margin (%) (VIII) = (VI/VII)	**38.92%**	**20.60%**	**35.43%**	**32.62%**	**31.65%**

Reconciliation for Restated Profit for the Year/ Period to Profit After Tax Margin (PAT Margin)

The table below reconciles restated profit for the year/ period to PAT Margin:

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Restated profit for the year/ period (I)	425.93	92.12	1,465.26	926.08	877.35
Revenue from Operations (II)	1,457.67	525.42	5,160.77	3,508.28	3,688.88
PAT Margin (%) (III = I/II)	**29.22%**	**17.53%**	**28.39%**	**26.40%**	**23.78%**

Reconciliation for Total Borrowings to Net Debt and Net Debt to EBITDA

The table below reconciles total borrowings to Net Debt and Net Debt to EBITDA. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Non-current borrowings (I)	-	-	-	-	-
Current borrowings (II)	36.08	-	22.55	-	-
Cash and cash equivalents (III)	42.94	96.26	4.40	187.07	759.01
Bank Balances (IV)	3,845.62	2,199.44	2,074.34	2,645.82	1,254.69
Net Debt (V = (I + II) – (III + IV))	**(3,852.49)**	**(2,295.70)**	**(2,056.19)**	**(2,832.89)**	**(2,013.70)**
EBITDA (VI)	**567.35**	**108.23**	**1,828.62**	**1,144.40**	**1,167.56**
Net Debt to EBITDA (in times) (VII) = (V/VI)	(6.79)	(21.21)	(1.12)	(2.48)	(1.72)

The figures are on an unannualized basis for the three months ended June 30, 2024 and June 30, 2023.

Reconciliation of Total Equity to Return on Equity

The table below reconciles total equity to return on equity. Return on equity is calculated as restated profit for the year/ period divided by total equity and expressed as a percentage.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Total equity (I)	5,110.21	3,313.79	4,687.78	3,215.50	2,289.46
Restated profit for the year/ period (II)	425.93	92.12	1,465.26	926.08	877.35
Return on Equity (%) (III) = (II/I)	**8.33%**	**2.78%**	**31.26%**	**28.80%**	**38.32%**

The figures are on an unannualized basis for the three months ended June 30, 2024 and June 30, 2023.

Reconciliation of Total Equity to Capital Employed, Restated Profit for the Year/ Period to EBIT and Return on Capital Employed

The table below reconciles total equity to capital employed. Capital employed is calculated as total equity plus total borrowings (the sum of current borrowings and non-current borrowings). EBIT is calculated as restated profit for the year/ period minus other income plus total tax expenses and finance costs. Return on Capital Employed is calculated as EBIT divided by capital employed and expressed as a percentage.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Profit before tax (I)	570.33	123.79	1,976.95	1,254.14	1,176.13
Finance costs (II)	5.96	1.89	8.09	5.21	12.71
Total EBIT (III) = I+II	576.29	125.68	1,985.04	1,259.35	1,188.84
Total Asset (IV)	5,917.43	4,006.39	5,594.64	4,059.51	2,691.64
Current Liabilities (V)	657.31	670.69	885.72	822.90	381.05
Capital Employed (VI)	5,260.12	3,335.70	4,708.92	3,236.61	2,310.59
Return on Capital Employed (%) (IX = VIII/III)	**10.96%**	**3.77%**	**42.15%**	**38.91%**	**51.45%**

The figures are on an unannualized basis for the three months ended June 30, 2024 and June 30, 2023.

Reconciliation of Revenue from Operations to Net Fixed Assets Turnover Ratio

The table below reconciles revenue from operations to net fixed assets turnover ratio. Net Fixed Assets Turnover Ratio is calculated as revenue from operations for the year/ period divided by cost of property, plant and equipment.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Revenue from Operations for the year/ period (I)	1,457.67	525.42	5,160.77	3,508.28	3,688.88
Cost of Property, Plant and Equipment (II)	231.53	231.14	236.56	240.25	271.57
Net Fixed Assets Turnover Ratio (in times) (III = I/II)	**6.30**	**2.27**	**21.82**	**14.60**	**13.58**

The figures are on an unannualized basis for the three months ended June 30, 2024 and 2023.

Reconciliation of Net worth to net asset value per equity share

The table below reconciles Net worth to net asset value per equity share. Net asset value per equity share is calculated as Net Worth divided by weighted average number of equity shares.

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise stated)				
Net Worth (I) (₹ million)	5,110.21	3,313.79	4,687.78	3,215.50	2,289.46
Weighted average number of equity shares (II)^	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Net Asset Value per equity share (III) = (I/II) (₹ per share)	**8.52**	**5.52**	**7.81**	**5.36**	**3.82**

^Taking into consideration the impact of: (i) sub-division of face value equity shares from ₹100 each to ₹ 2 each pursuant to a resolution of our Board dated November 4, 2023 and a resolution of our Shareholders dated November 24, 2023; (ii) issue of bonus equity shares of face value of ₹2 each in the ratio of 199 equity shares for every equity share held, pursuant to a resolution of our Board dated November 4, 2023 and a resolution of our Shareholders dated November 24, 2023; and (iii) issue of bonus equity shares of face value of ₹2 each in the ratio of 2 equity shares for every equity share held, pursuant to a resolution of our Board dated October 5, 2024 and a resolution of our Shareholders dated October 5, 2024.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

The principal components of our income and expenditure are as follows:

Income

Our income comprise revenue from operations and other income.

Revenue from operations

Revenue from operations comprise: (i) revenue from sale of products; and (ii) other operating revenue, i.e., export incentives.

Other Income

Other income comprise: (i) rent income; (ii) interest income received; (iii) net gain on foreign currency transaction and translation; (iv) impairment gain on reversal of ECL provision; and (v) profit on sale of property, plant and equipment.

Expenses

Total expenses comprise: (i) cost of materials consumed; (ii) changes in inventories of finished goods; (iii) employee benefits expense; (iv) finance costs; (v) depreciation and amortisation expense; and (vi) other expenses.

Cost of materials consumed

Cost of materials consumed includes raw materials consumed i.e., boron carbide powder, fabric, chemicals and resins.

Employee benefits expense

Employee benefits expense comprises (i) salaries and wages; (ii) contribution to provident fund and other funds; and (iii) workman staff welfare.

Finance cost

Finance cost comprises: (a) bank charges related to bank guarantee; (b) interest on lease liability; (c) interest on MSME; and (d) interest on security deposit.

Depreciation and amortization expense

Depreciation and amortization expense comprises: (i) depreciation on property, plant and equipment; (ii) depreciation on investment in properties; and (iii) amortisation of right of use assets.

Other expenses
Other expenses primarily include: (i) power and fuel; (ii) job work; (iii) exhibition expenses; (iv) corporate social responsibility; (v) testing/firing expenses; (vi) consumption of stores and spare parts for machinery; (vii) travelling expenses; (viii) fees and subscriptions; (ix) clearing forwarding charges (net); (x) sales promotion; (xi) freight and cartage outwards; and (xii) miscellaneous expenses.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our results of operations on a consolidated basis for the three months ended June 30, 2023 and 2024 and Fiscals 2024, 2023, 2022:

Particulars	For the three months ended June 30,				For the years ended March 31,					
	2024		2023		2024		2023		2022	
	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income
Income										
Revenue from operations	1,457.67	98.29%	525.42	94.37%	5,160.77	96.12%	3,508.28	95.38%	3,688.88	97.87%
Other income	25.38	1.71%	31.36	5.63%	208.26	3.88%	169.88	4.62%	80.29	2.13%
Total Income	**1,483.05**	**100.00%**	**556.78**	**100.00%**	**5,369.03**	**100.00%**	**3,678.16**	**100.00%**	**3,769.17**	**100.00%**
Expenditure										
Cost of materials consumed	690.99	46.59%	482.36	86.63%	2,946.99	54.89%	1,856.98	50.49%	2,088.53	55.41%
Changes in inventories, work-in-progress and stock-in-trade	49.69	3.35%	(220.29)	(39.57)%	(249.48)	(4.65)%	-	0.00%	-	0.00%
Employee benefits expense	19.09	1.29%	13.08	2.35%	66.03	1.23%	46.18	1.26%	36.47	0.97%
Finance cost	5.96	0.40%	1.89	0.34%	8.09	0.15%	5.21	0.14%	12.71	0.34%
Depreciation and amortization expense	16.44	1.11%	13.91	2.50%	51.84	0.97%	54.93	1.49%	59.01	1.57%
Other expenses	130.55	8.80%	142.04	25.51%	568.61	10.59%	460.72	12.53%	396.32	10.51%
Total expenses	**912.72**	**61.54%**	**432.99**	**77.77%**	**3,392.08**	**63.18%**	**2,424.02**	**65.90%**	**2,593.04**	**68.80%**
Restated Profit before tax	**570.33**	**38.46%**	**123.79**	**22.23%**	**1,976.95**	**36.82%**	**1,254.14**	**34.10%**	**1,176.13**	**31.20%**
Tax expense										
Current tax	147.23	9.93%	31.80	5.71%	502.73	9.36%	321.90	8.75%	299.70	7.95%
Deferred tax	(2.83)	(0.19)%	(0.13)	(0.02)%	6.67	0.12%	(2.02)	(0.06)%	(2.22)	(0.06)%
Income tax charge/ (credit) for earlier years	-	0.00%	-	0.00%	2.29	0.04%	8.18	0.22%	1.30	0.03%
Total tax expenses	**144.40**	**9.74%**	**31.67**	**5.69%**	**511.69**	**9.53%**	**328.06**	**8.92%**	**298.78**	**7.93%**
Restated Profit for the year/ period	**425.93**	**28.72%**	**92.12**	**16.54%**	**1,465.26**	**27.29%**	**926.08**	**25.18%**	**877.35**	**23.28%**

THREE MONTHS ENDED JUNE 30, 2024 TO THREE MONTHS ENDED JUNE 30, 2023

Total Income

Total income increased by 166.36% from ₹ 556.78 million in the three months ended June 30, 2023 to ₹ 1,483.05 million in the three months ended June 30, 2024 primarily on account of an increase in revenue from operations.

Revenue from Operations

Revenue from operations increased by 177.43% from ₹ 525.42 million in the three months ended June 30, 2023 to ₹ 1,457.67 million in the three months ended June 30, 2024, on account of an increase in revenue from sale of products from ₹ 525.42 million in the three months ended June 30, 2023 to ₹ 1,457.40 million in Fiscal 2024 primarily on account of increase in units of protection products sold during Fiscal 2024 and increase in average sale price. Our revenue from protection products increased by 198.38% from ₹ 460.24 million in the three months ended June 30, 2023 to ₹ 1,373.40 million in the three months ended June 30, 2024 while our revenue from ammunition components increased by 28.97% from ₹ 65.19 million in the three months ended June 30, 2023 to ₹ 84.07 million in the three months ended June 30, 2024.

Other Income

Other income decreased by 19.08% from ₹ 31.36 million in the three months ended June 30, 2023 to ₹ 25.38 million in the three months ended June 30, 2024, mainly on account of a decrease in net gain on foreign currency transaction and translation from ₹ 12.93 million in the three months ended June 30, 2023 to ₹ 8.31 million in the three months ended June 30, 2024; and interest received from ₹ 10.57 million in the three months ended June 30, 2023 to ₹ 8.92 million in the three months ended June 30, 2024.

This was partially offset by an increase in rent income from ₹ 7.86 million in the three months ended June 30, 2023 to ₹ 8.15 million in the three months ended June 30, 2024.

Expenses

Total expenses increased by 110.79% from ₹ 432.99 million in the three months ended June 30, 2023 to ₹ 912.72 million in the three months ended June 30, 2024, primarily due to an increase in cost of materials consumed (including changes in inventories of finished goods), employee benefits expense, finance cost and depreciation and amortization expense.

Cost of materials consumed

Cost of materials consumed increased by 43.25% from ₹ 482.36 million in the three months ended June 30, 2023 to ₹ 690.99 million in the three months ended June 30, 2024, primarily due to an increase in raw materials consumed on account of increase in business operations.

Changes in inventories of finished foods

Changes in inventories of finished goods was ₹ (220.29) million in the three months ended June 30, 2023 compared to ₹ 49.69 million in the three months ended June 30, 2024 on account of an increase in opening inventory from nil in the three months ended June 30, 2023 to ₹ 249.48 million in the three months ended June 30, 2024 and on account of decrease in closing inventory from ₹ 220.29 million in the three months ended June 30, 2023 to ₹ 199.79 million in the three months ended June 30, 2024.

Employee Benefits Expense

Employee benefits expenses increased by 45.95% from ₹ 13.08 million in the three months ended June 30, 2023 to ₹ 19.09 million in the three months ended June 30, 2024, primarily due to an increase in salaries and wages from ₹ 12.63 million in the three months ended June 30, 2023 to ₹ 18.54 million in the three months ended June 30, 2024 due to increase in the number of employees from 73 as of June 30, 2023 to 88 as of June 30, 2024 and increments during the three months ended June 30, 2024.

Finance Cost

Finance cost increased by 215.26% from ₹ 1.89 million in the three months ended June 30, 2023 to ₹ 5.97 million in the three months ended June 30, 2024, primarily due to an interest on lease liability from ₹ 0.09 million in the three months ended June 30, 2023 to ₹ 3.80 million in the three months ended June 30, 2024.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 18.20% from ₹ 13.91 million in the three months ended June 30, 2023 to ₹ 16.44 million in the three months ended June 30, 2024, primarily due to an increase in depreciation on right of use assets from ₹ 0.25 million in the three months ended June 30, 2023 to ₹ 4.30 million in the three months ended June 30, 2024.

Other Expenses

Other expenses decreased by 8.09% from ₹ 142.04 million in the three months ended June 30, 2023 to ₹ 130.55 million in the three months ended June 30, 2024, primarily due to a decrease in:

consumption of stores and spare parts for machinery from ₹ 12.51 million in the three months ended June 30, 2023 to ₹ 4.24 million in the three months ended June 30, 2024;

power and fuel expenses from ₹ 57.91 million in the three months ended June 30, 2023 to ₹ 49.83 million in the three months ended June 30, 2024 due to higher production of certain products in the three months ended June 30, 2024 as compared to the three months ended June 30, 2023;

job work expenses from ₹ 28.82 million in the three months ended June 30, 2023 to ₹ 20.72 million in the three months ended June 30, 2024 due to higher production of certain products in the three months ended June 30, 2024 as compared to the three months ended June 30, 2023;

testing/ firing expenses from ₹ 4.13 million in the three months ended June 30, 2023 to ₹ 3.57 million in the three months ended June 30, 2024; and

clearing forwarding charges (net) from ₹ 4.43 million in the three months ended June 30, 2023 to ₹ 1.49 million in the three months ended June 30, 2024.

These were partially offset by an increase in (i) fees and subscriptions from ₹ 2.39 million in the three months ended June 30, 2023 to ₹ 8.14 million in the three months ended June 30, 2024; (ii) exhibition expenses from ₹ 5.40 million in the three months ended June 30, 2023 to ₹ 9.78 million in the three months ended June 30, 2024; and (iii) miscellaneous expenses from ₹ 2.18 million in the three months ended June 30, 2023 to ₹ 3.78 million in the three months ended June 30, 2024.

Restated profit before tax

As a result of the above, we generated a restated profit before tax of ₹ 570.33 million in the three months ended June 30, 2024 from ₹ 123.79 million in the three months ended June 30, 2023.

Tax Expense

Current tax increased from ₹ 31.80 million in the three months ended June 30, 2023 to ₹ 147.23 million in the three months ended June 30, 2024 on account of a corresponding increase in the restated profit before tax and deferred tax of ₹ (0.13) million in the three months ended June 30, 2023 to ₹ 2.83 million in the three months ended June 30, 2024. As a result, our total income tax expense amounted to ₹ 144.40 million in the three months ended June 30, 2024 as compared to ₹ 31.67 million in the three months ended June 30, 2023.

Restated profit for the year

For the reasons discussed above, our restated profit for the year was ₹ 425.93 million in the three months ended June 30, 2024 compared to ₹ 92.12 million in the three months ended June 30, 2023.

FISCAL 2024 COMPARED TO FISCAL 2023

Total Income
Total income increased by 45.97% from ₹ 3,678.16 million in Fiscal 2023 to ₹ 5,369.03 million in Fiscal 2024 primarily on account of an increase in revenue from operations.

Revenue from Operations

Revenue from operations increased by 47.10% from ₹ 3,508.28 million in Fiscal 2023 to ₹ 5,160.77 million in Fiscal 2024 mainly on account of an increase in revenue from sale of products from ₹ 3,506.96 million in Fiscal 2023 to ₹ 5,160.70 million in Fiscal 2024 primarily on account of increase in units of protection products sold during Fiscal 2024 and increase in average sale price. Our revenue from protection products increased by 41.80% from ₹ 3,238.98 million in Fiscal 2023 to ₹ 4,590.73 million in Fiscal 2024 while our revenue from ammunition components increased by 111.65% from ₹ 269.30 million in Fiscal 2023 to ₹ 570.03 million in Fiscal 2024.

Other Income

Other income increased by 22.59% from ₹ 169.88 million in Fiscal 2023 to ₹ 208.26 million in Fiscal 2024, mainly on account of an increase in interest received from ₹ 107.38 million in Fiscal 2023 to ₹ 147.26 million in Fiscal 2024.

Expenses

Total expenses increased by 39.94% from ₹ 2,424.02 million in Fiscal 2023 to ₹ 3,392.08 million in Fiscal 2024, primarily due to an increase in cost of materials consumed from ₹ 1,856.98 million in Fiscal 2023 to ₹ 2,946.99 million in Fiscal 2024, an increase in employee benefits expense from ₹ 46.18 million in Fiscal 2023 to ₹ 66.03 million in Fiscal 2024.

Cost of materials consumed

Cost of materials consumed increased by 58.70% from ₹ 1,856.98 million in Fiscal 2023 to ₹ 2,946.99 million in Fiscal 2024, mainly due to an increase in raw materials consumed on account of increase in business operations.

Changes in inventories of finished goods

Changes in inventories of finished goods were nil in Fiscal 2023 compared to ₹ (249.48) million in Fiscal 2024 on account of an increase in closing inventories from Nil in Fiscal 2023 to ₹ 249.48 million in Fiscal 2024.

Employee Benefits Expense

Employee benefits expenses increased by 42.98% from ₹ 46.18 million in Fiscal 2023 to ₹ 66.03 million in Fiscal 2024, mainly on account of an increase in:

salaries and wages from ₹ 44.19 million in Fiscal 2023 to ₹ 62.97 million in Fiscal 2024 due to increase in number of employees from 69 as of March 31, 2023 to 79 as of March 31, 2024 and due to annual increments given to employees in Fiscal 2024.

Finance Cost

Finance cost increased by 55.30% from ₹ 5.21 million in Fiscal 2023 to ₹ 8.09 million in Fiscal 2024 primarily on account of an increase in bank charges related to bank guarantee from ₹ 3.80 million in Fiscal 2023 to ₹ 6.71 million in Fiscal 2024.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by 5.61% from ₹ 54.93 million in Fiscal 2023 to ₹ 51.84 million in Fiscal 2024, primarily on account of a decrease in depreciation on property, plant and equipment from ₹ 52.43 million in Fiscal 2023 to ₹ 49.36 million in Fiscal 2024.

Other Expenses

Other expenses increased by 23.42% from ₹ 460.72 million in Fiscal 2023 to ₹ 568.61 million in Fiscal 2024, primarily on account of an increase in:

power and fuel expenses from ₹ 149.27 million in Fiscal 2023 to ₹ 200.96 million in Fiscal 2024 due to higher production of products in Fiscal 2024 as compared to Fiscal 2023;

job work expenses from ₹ 76.99 million in Fiscal 2023 to ₹ 133.85 million in Fiscal 2024 due to higher production of products in Fiscal 2024 as compared to Fiscal 2024;

testing/ firing expenses from ₹ 20.92 million in Fiscal 2023 to ₹ 42.64 million in Fiscal 2024; and

miscellaneous expenses from ₹ 5.69 million in Fiscal 2023 to ₹ 18.07 million in Fiscal 2024.

This was offset by a decrease in consumption of stores and spare parts for machinery from ₹ 76.23 million in Fiscal 2023 to ₹ 27.99 million in Fiscal 2024.

Restated profit before tax

For the reasons discussed above, we generated a restated profit before tax of ₹ 1,976.95 million in Fiscal 2024 from ₹ 1,254.14 million in Fiscal 2023.

Tax Expense

Current tax increased from ₹ 321.90 million in Fiscal 2023 to ₹ 502.73 million in Fiscal 2024 due to a corresponding increase in the restated profit before tax in Fiscal 2024 and deferred tax decreased from ₹ (2.02) million in Fiscal 2023 to ₹ 6.67 million in Fiscal 2024. As a result, total tax expense amounted to ₹ 328.06 million in Fiscal 2023 as compared to ₹ 511.69 million in Fiscal 2024.

Restated profit for the year

For the reasons discussed above, our restated profit for the year was ₹ 1,465.26 million in Fiscal 2024 as compared to restated profit for the year of ₹ 926.08 million in Fiscal 2023.

FISCAL 2023 COMPARED TO FISCAL 2022

Total Income

Total income decreased by 2.41% from ₹ 3,769.17 million in Fiscal 2022 to ₹ 3,678.16 million in Fiscal 2023 primarily on account of a decrease in revenue from operations.

Revenue from Operations

Revenue from operations decreased by 4.90% from ₹ 3,688.88 million in Fiscal 2022 to ₹ 3,508.28 million in Fiscal 2023 mainly on account of a decrease in revenue from sale of products from ₹ 3,683.14 million in Fiscal 2022 to ₹ 3,506.96 million in Fiscal 2023. Our revenue from protection products decreased by 2.76% from ₹ 3,330.91 million in Fiscal 2022 to ₹ 3,238.98 million in Fiscal 2023 while our revenue from ammunition components increased by 7.18% from ₹ 357.97 million in Fiscal 2022 to ₹ 269.30 million in Fiscal 2023.

Other Income

Other income increased by 111.58% from ₹ 80.29 million in Fiscal 2022 to ₹ 169.88 million in Fiscal 2023, mainly on account of an increase in:
interest received from ₹ 45.58 million in Fiscal 2022 to ₹ 107.38 million in Fiscal 2023; and

net gain on foreign currency transaction and translation from ₹ 3.19 million in Fiscal 2022 to ₹ 29.20 million in Fiscal 2023.

Expenses

Total expenses decreased by 6.52% from ₹ 2,593.04 million in Fiscal 2022 to ₹ 2,424.02 million in Fiscal 2023, primarily due to decrease in cost of materials consumed from ₹ 2,088.53 million in Fiscal 2022 to ₹ 1,856.98 million in Fiscal 2023. This was partially offset by increase in other expenses from ₹ 396.32 million in Fiscal 202 to ₹ 460.72 million in Fiscal 2023.

Cost of materials consumed

Cost of materials consumed decreased by 11.09% from ₹ 2,088.53 million in Fiscal 2022 to ₹ 1,856.98 million in Fiscal 2023, mainly due to decrease in business operations reflected by corresponding decrease in revenue from operations.

Employee Benefits Expense

Employee benefits expenses increased by 26.63% from ₹ 36.47 million in Fiscal 2022 to ₹ 46.18 million in Fiscal 2023, primarily on account of an increase in salaries and wages from ₹ 33.83 million in Fiscal 2022 to ₹ 44.19 million in Fiscal 2023 due to increase in the number of employees from 61 as of March 31, 2022 to 69 as of March 31, 2023.

Finance Cost

Finance cost decreased by 59.01% from ₹ 12.71 million in Fiscal 2022 to ₹ 5.21 million in Fiscal 2023 primarily on account of a decrease in bank charges related to bank guarantee from ₹ 11.23 million in Fiscal 2022 to ₹ 3.80 million in Fiscal 2023.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by 6.93% from ₹ 59.01 million in Fiscal 2022 to ₹ 54.93 million in Fiscal 2023, primarily on account of a decrease in depreciation of property, plant and equipment from ₹ 56.40 million in Fiscal 2022 to ₹ 52.43 million in Fiscal 2023.

Other Expenses

Other expenses increased by 16.25% from ₹ 396.32 million in Fiscal 2022 to ₹ 460.72 million in Fiscal 2023, primarily on account of an increase in:
job work from ₹ 45.19 million in Fiscal 2022 to ₹ 76.99 million in Fiscal 2023;

consumption of stores and spare parts for machinery from ₹ 62.14 million in Fiscal 2022 to ₹ 76.23 million in Fiscal 2023;

exhibition expenses from ₹ 21.82 million in Fiscal 202 to ₹ 40.27 million in Fiscal 2023; and

corporate social responsibility from ₹ 8.87 million in Fiscal 2022 to ₹ 21.08 million in Fiscal 2023.

These were offset by a decrease in power and fuel expenses from ₹ 160.20 million in Fiscal 2022 to ₹ 149.27 million in Fiscal 2023.

Restated profit before tax

Profit before tax decreased from ₹ 1,176.13 million in Fiscal 2022 to ₹ 1,254.14 million in Fiscal 2023.

Tax Expense

Current tax increased from ₹ 299.70 million in Fiscal 2022 to ₹ 321.90 million in Fiscal 2023 due to a corresponding increase in the restated profit before tax in Fiscal 2023 and deferred tax increased from ₹ (2.22) million in Fiscal 2022 to ₹ (2.02) million in Fiscal 2023. As a result, total tax expense amounted to ₹ 328.06 million in Fiscal 2023 as compared to ₹ 298.78 million in Fiscal 2022.

Restated profit for the year

For the reasons discussed above, our restated profit for the year increased from ₹ 877.35 million in Fiscal 2022 as compared to a restated profit for the year of ₹ 926.08 million in Fiscal 2023.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations through internal accruals for organic as well as inorganic expansion.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the years/ periods indicated:

Particulars	**Three months ended June 30,**		**Fiscal**		
	2024	**2023**	**2024**	**2023**	**2022**
	(₹ million)				
Net cash generated by/(used in) operating activities (A)	1,800.71	(549.21)	(890.46)	713.87	881.51
Net cash generated by/(used in) investing activities (B)	(1,773.04)	460.23	693.18	(1,280.79)	(257.90)

Particulars	Three months ended June 30,		Fiscal		
	2024	2023	2024	2023	2022
	(₹ million)				
Net cash generated by/(used in) financing activities (C)	10.87	(1.84)	14.62	(5.01)	(12.44)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	38.53	(90.83)	(182.67)	(571.94)	611.17

Operating Activities

Three months ended June 30, 2024

In the three months ended June 30, 2024, net cash generated by operating activities was ₹ 1,800.71 million. Restated profit before tax was ₹ 570.33 million and adjustments primarily consisted of interest income of ₹ (8.92) million, rental income of ₹ (8.15) million and depreciation and amortisation expenses of ₹ 16.44 million.
Operating profit before working capital changes was ₹ 575.40 million in the three months ended June 30, 2024. The primary adjustments in operating assets included a decrease in inventories of ₹ 466.03 million and decrease in trade receivables of ₹ 1,117.14 million and the primary adjustments in operating liabilities included decrease in trade payables of ₹ 222.17 million and decrease in other current liabilities of ₹ 95.34 million. Cash generated from operations before tax in Fiscal 2024 was ₹ 1,902.46 million.

Three months ended June 30, 2023

In the three months ended June 30, 2023, net cash used in operating activities was ₹ 549.21 million. Restated profit before tax was ₹ 123.79 million and adjustments primarily consisted of depreciation and amortisation expense of ₹ 13.91 million, interest income of ₹ (10.57) million and rental income of ₹ (7.86) million.
Operating profit before working capital changes was ₹ 121.16 million in the three months ended June 30, 2023. The primary adjustments in operating assets included increase in trade receivables of ₹ 98.96 million and increase in inventories of ₹ 294.57 million and the primary adjustments in operating liabilities included a decrease in other current liabilities of ₹ 222.56 million. Cash used in operations before tax in the three months ended June 30, 2023 was ₹ 477.36 million.

Fiscal 2024

In Fiscal 2024, net cash used in operating activities was ₹ 890.46 million. Restated profit before tax was ₹ 1,976.95 million and adjustments primarily consisted of interest income of ₹ (147.26) million and rental income of ₹ (31.96) million and depreciation and amortisation expense of ₹ 51.84 million.
Operating profit before working capital changes was ₹ 1,862.77 million in Fiscal 2024. The primary adjustments in operating assets included increase in trade receivables of ₹ 1,036.33 million and increase in inventories of ₹ 1,167.23 million and the primary adjustments in operating liabilities included increase in trade payables of ₹ 244.78 million and a decrease in other current liabilities of ₹ 207.30 million. Cash used in operations before tax in Fiscal 2024 was ₹ 385.78 million.

Fiscal 2023

In Fiscal 2023, net cash generated by operating activities was ₹ 713.87 million. Restated profit before tax was ₹ 1,254.14 million and adjustments primarily consisted of interest income of ₹ (107.38) million, depreciation and amortisation expense of ₹ 54.44 million and rental income of ₹ (31.33) million.
Operating profit before working capital changes was ₹ 1,173.11 million in Fiscal 2023. The primary adjustments in operating assets included increase in trade receivables of ₹ 690.82 million and a decrease in other current assets of ₹ 90.88 million and the primary adjustments in operating liabilities included an increase in trade payables of ₹ 17.23 million and an increase in other current liabilities of ₹ 475.52 million. Cash generated from operations before tax in Fiscal 2023 was ₹ 1,092.39 million.

Fiscal 2022

In Fiscal 2022, net cash generated by operating activities was ₹ 881.51 million. Restated profit before tax was ₹ 1,176.13 million and adjustments primarily consisted of depreciation and amortisation expense of ₹ 59.02 million, interest income of ₹ (45.58) million and rental income ₹ (31.33) million.

Operating profit before working capital changes was ₹ 1,171.14 million in Fiscal 2022. The primary adjustments in operating assets included a decrease in inventories of ₹ 140.88 million, decrease in trade receivables of ₹ 69.09 million and decrease in other current assets of ₹ 132.76 million and the primary adjustments in operating liabilities included a decrease in trade payables of ₹ 125.36 million and decrease in other current liabilities of ₹ 251.36 million. Cash generated from operations before tax in Fiscal 2022 was ₹ 1,138.55 million.

Investing Activities

Three months ended June 30, 2024

Net cash used in investing activities was ₹ 1,773.05 million in the three months ended June 30, 2024, primarily on account of increase in fixed deposit of ₹ 1,764.30 million, which was a result of increased collections.

Three months ended June 30, 2023

Net cash generated from investing activities was ₹ 460.23 million in the three months ended June 30, 2023, primarily on account of a decrease in fixed deposit of ₹ 383.26 million.

Fiscal 2024

Net cash generated from investing activities was ₹ 693.18 million in Fiscal 2024, primarily on account of a decrease in fixed deposit of ₹ 586.01 million.

Fiscal 2023

Net cash used in investing activities was ₹ 1,280.79 million in Fiscal 2023, primarily on account of an increase in fixed deposit of ₹ 1,304.86 million and capital expenditure on capital assets of ₹ 23.64 million, which was offset by rental income of ₹ 26.58 million.

Fiscal 2022

Net cash used in investing activities was ₹ 257.90 million in Fiscal 2023, primarily on account of an increase in fixed deposit of ₹ 315.90 million. This was partially offset by rental income of ₹ 28.52 million and proceeds from sale/ disposal of investment property of ₹ 21.19 million.

Financing Activities

Three months ended June 30, 2024

Net cash generated from financing activities was ₹ 10.87 million in the three months ended June 30, 2024, primarily on account of proceeds from term loan of ₹ 14.00 million. This was partially offset by repayment of working capital loan of ₹ (1.03) million and interest paid of ₹ (1.90) million.

Three months ended June 30, 2023

Net cash used in financing activities was ₹ 1.84 million in the three months ended June 30, 2023, primarily on account of interest paid of ₹ 1.54 million, payment of lease liabilities other than interest of ₹ 0.09 million and payment of interest on lease liabilities of ₹ 0.21 million.

Fiscal 2024

Net cash generated from financing activities was ₹ 14.62 million in Fiscal 2024, primarily on account of proceeds from term loan of ₹ 21.50 million. This was partially offset by interest payment of ₹ 6.71 million.

Fiscal 2023

Net cash used in financing activities was ₹ 5.01 million in Fiscal 2023, primarily on account of interest payment of ₹ 3.81 million.

Fiscal 2022

Net cash used in financing activities was ₹ 12.44 million in Fiscal 2022, primarily on account of interest payment of ₹ 11.24 million.

INDEBTEDNESS

As of August 31, 2024, we had non-fund based working capital facilities of 849.26 million. The interest rates applicable to the fund-based facilities are typically 0.85% above the six months MCLR. For non-fund based facilities, our bank guarantees bear commissions typically ranging from 0.33% per annum to 0.65% per annum, while letters of credit bear commissions typically ranging from 0.35% per annum to 0.50% per annum. The tenor of our working capital facilities typically ranges up to 365 days. Further, the tenor of our bank guarantees is up to 365 days, while the maximum issuance period for letter of credit ranges up to 90 days. For further information on our outstanding indebtedness, see "***Financial Indebtedness***" on page 343.

MATURITY PROFILE OF FINANCIAL LIABILITIES

The following table detail our remaining contractual maturity for financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities as at year ended March 31, 2024 based on the earliest date on which the company may be required to pay.

Particulars	Carrying amount	Not due	Less than 1 year	Within 1-2 year	2 – 3 Years	More than 3 years
			(₹ million)			
Trade payable	496.49	198.43	211.91	86.15	-	-
Other financial liabilities	19.36	-	12.62	0.99	0.99	4.76
Total	**515.85**	**198.43**	**224.53**	**87.14**	**0.99**	**4.76**

CONTINGENT LIABILITIES

As of June 30, 2024, our contingent liabilities that have been disclosed in the Restated Consolidated Financial Information are as follows:

S. No.	Particulars	Amount (₹ million)*
1.	Income Tax	3.48
2.	GST	41.77
3.	Civil Cases	20.51
Total		**65.76**

* Other than the above:-

a) Our Company received a notice under Section 133(6) of the Income-tax Act, 1961 for the assessment year 2022 dated May 7, 2024 for implication on taxable income amounted ₹ 14.20 million related to rent on plant & machinery. Our Company submitted a reply dated May 23, 2024 submitting that our Company did not let out any plant & machinery but instead have let out the building on rent. We are awaiting response awaited from respective authority.

*b) Our Company received a demand cum show cause notice dated September 30, 2022, alleging fraudulent availment of input tax credit of ₹ 158.06 million. The amount of ₹ 154.64 million was voluntarily debited by our Company on July 30, 2021 through ledger utilized (cash/credit). Since our Company has contested the charges, our Company received show cause notice dated August 8, 2024 under Section 74 alleging availment and passing of the fake input tax credit of ₹ 158.06 million. Our Company has filed a reply dated August 5, 2024 for adjournment. See, "**Outstanding Litigation and other Material Development - Litigation against our Company - Tax proceedings involving our Company - Description of tax proceedings involving our Company, exceeding the materiality threshold**" on page **374.***

Further, as of June 30, 2024, our capital commitments that have been disclosed in the Restated Consolidated Financial Information are as follows:

S. No.	Particulars	Amount (₹ million)
1.	Capital commitment	15.66

For further information of our contingent liabilities as of June 30, 2024, see "***Restated Consolidated Financial Information – Note 37. Contingent liabilities***", on page 314.

CAPITAL EXPENDITURES

For the period three months ended June 30, 2024 and June 30,2023, Fiscal 2024, 2023 and 2022, the aggregate of additions to property, plant and equipment was ₹ 6.79 million, ₹ 4.18 million, ₹ 45.78 million, ₹ 4.18 million, ₹

21.14 million, ₹ 7.99 million, respectively. The following table sets forth additions to property, plant and equipment by category of expenditure, for the periods/ years indicated below:

(in ₹ million)

Particulars	Three months ended June 30, 2024	Three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
			(in ₹ million)		
Land freehold	-	-	3.38	17.40	-
Buildings	-	-	1.52	-	-
Plant and equipment	6.44	4.00	35.99	2.11	0.70
Office equipment	0.20	0.13	0.30	0.24	0.30
Furniture and fixtures	-	0.01	0.48	0.81	-
Vehicles	-	-	4.02	-	6.82
Computer and date processing	0.15	0.04	0.09	0.58	0.17
Total	**6.79**	**4.18**	**45.78**	**21.14**	**7.99**

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. Related parties with whom transactions have taken place during the year include loans received from directors, remuneration paid to directors, patent/ royalty fee paid to one of our Promoters, Ashish Kansal, sale of goods, job work expenses, rent received and purchase of raw materials. For further information, see "***Restated Consolidated Financial Information – Note 40. Related Party Disclosures***" on page 317.

AUDITOR'S OBSERVATIONS

Our Statutory Auditors have not included any qualifications, reservations or emphasis of matters in their audit reports in the last three Fiscals and in the three months ended June 30, 2023 and June 30, 2024.

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE FINANCIAL YEARS

There have been no changes in our accounting policies in the last three Fiscals and three months ended June 30, 2024.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our operational activities expose us to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Our focus is to ensure liquidity which is sufficient to meet our operational requirements. We monitor and manage key financial risks so as to minimise potential adverse effects on our financial performance. We have a risk management policy which covers the risks associated with the financial assets and liabilities.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, which comprises of three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

Foreign Currency Risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rate.

We derive a significant portion of our revenue in foreign currency, exposing us to fluctuations in currency movements. We have a foreign exchange risk policy as per which we review and manage the foreign exchange risks in a systematic manner, including regular monitoring of exposures, proper advice from market experts and hedging of exposures.

We use derivative financial instruments, such as foreign exchange forward contracts, to mitigate foreign exchange related risk exposures. Derivative financial instruments relating to a firm commitment or a highly probable forecast transaction, are marked to market at every reporting date. We do not use forward contracts for speculative purposes.

Credit Risk

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, we periodically assess the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

We consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is significant increase in credit risk, we consider reasonable and supportive forward looking information such as:

Actual or expected significant adverse changes in business;

Actual or expected significant changes in the operating results of the counterparty;
Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation;

Significant increase in credit risk and other financial instruments of the same counterparty;

Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Our major exposure is from trade receivables, which are unsecured and derived from external customer credit risk on cash and cash equivalents is limited as the company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

For further information, see "***Restated Consolidated Financial Information – Note 42. Financing Risk Management***" on page 321.

SIGNIFICANT ECONOMIC CHANGES

To the knowledge of our management, other than as described in "***Risk Factors***" and "- ***Significant Factors Affecting our Results of Operations and Financial Condition***" on pages 32 and 346, respectively, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

UNUSUAL OR INFREQUENT EVENTS OF TRANSACTIONS

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no "unusual" or "infrequent" events or transactions that have in the past or may in the future affect our business operations or future financial performance.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been affected and we expect will continue to be affected by the trends identified above in **" –** ***Significant Factors Affecting our Results of Operations and Financial Condition***" and the uncertainties described in "***Risk Factors***" on pages 346 and 32. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described in "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 32, 211 and 346, respectively, there are no known factors that might affect the future relationship between costs and revenues.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as set out in this Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new business segments other than in the normal course of business.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See "***Our Business***", "***Industry Overview***" and "***Risk Factors***" on pages 211, 137 and 32, respectively, for further information on competitive conditions that we face.

EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES

Changes in revenue in the three months ended June 30, 2023 and 2024 and the last three Fiscals are as described in "***Three Months Ended June 30, 2024 to Three Months Ended June 30, 2023***", **"*– Fiscal 2024 to Fiscal 2023*"** and **"*– Fiscal 2023 to Fiscal 2022*"** above on pages 360, 362 and 364, respectively.

SEGMENT REPORTING

We are a designer, developer and manufacturer of defence equipment including ammunition components, personal protection products and protection kits for land, air and sea platforms. Our Board of Directors which has been identified as being the chief operating decision maker (CODM), evaluates our performance, allocates resources based on the analysis of the various performance indicators of our Company as a single unit. Therefore, there is no reportable segment for our Company as per the requirement of Ind AS 108 "Operating Segments".

SIGNIFICANT DEPENDENCE ON SINGLE OR FEW CUSTOMERS

See, "***Risk Factors - We depend on certain customers for a significant portion of our revenues. Our top 10 customers contributed to 98.05%, 99.11%, 92.78%, 89.74% and 96.06% of our revenue from operations for the three months ended June 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022, respectively. Any decrease in demand from such customers, the loss of such customers or our inability to diversify our customer base could have an adverse effect on our business, results of operations, financial condition and cash flows***" on page 33.

SEASONALITY/ CYCLICALITY OF BUSINESS

Our Company business is not seasonable or cyclical in nature.

SIGNIFICANT DEVELOPMENTS AFTER JUNE 30, 2024 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed below, no circumstances have arisen after June 30, 2024 which materially and adversely affect or are likely to affect our operations, trading or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months:

Subsequent to June 30, 2024, pursuant to resolutions passed by the Board on October 5, 2024 and by the Shareholders on October 5, 2024, the Company has issued 400,000,000 Equity Shares of face value ₹2 each as a part of a bonus issue to the existing shareholders of the Company in the ratio of 2 Equity Shares for every 1 Equity Share held, which were allotted on October 5, 2024;

Subsequent to June 30, 2024, SMPP Ammunition Private Limited, the Subsidiary of our Company, has availed and drawn down certain bridge loans aggregating to ₹ 1,000.00 million from State Bank of India in terms of the sanction letter dated October 10, 2024;

By two patent assignment agreements, each dated October 17, 2024, our Promoter, Ashish Kansal has assigned, transferred and conveyed rights to certain patents and patent applications in favour of our Company for an aggregate consideration of ₹782.60 million; and

By two agreements to sell, each dated October 16, 2024, our Company has agreed to sell certain immovable properties to our Promoter, Ashish Kansal for an aggregate consideration of ₹193.00 million.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as disclosed in this section, as on the date of this Draft Red Herring Prospectus, there are no outstanding (i) criminal proceedings (including first information reports); (ii) actions taken by regulatory or statutory authorities including notices issued by such authorities; (iii) disciplinary actions including penalty imposed by the SEBI or stock exchanges against the Promoters in the last five Financial Years including outstanding actions (iv) claims related to direct and indirect taxes (disclosed in a consolidated manner giving the total number of claims and the total amount involved); and (v) other outstanding litigation as determined to be material pursuant to the Materiality Policy in accordance with the SEBI ICDR Regulations in each case involving our Company, Subsidiary, Promoters and Directors (collectively the "**Relevant Parties**"). Further, (a) first information reports for which no cognizance has been taken by any court or any judicial authority shall also be considered for the purpose of disclosure under (i) above; and (b) notices received from regulatory and statutory authorities shall also be considered for the purpose of disclosure under (ii) above.*

Further, there is no outstanding litigation involving our Group Companies, which has a material impact on the business, operations, financial position or reputation of our Company.

Pursuant to the Materiality Policy for the purposes of (v) above, any pending litigation involving the Company, Subsidiary, Promoters and Directors, has been considered 'material' and accordingly disclosed in this Draft Red Herring Prospectus where:

(a) the aggregate monetary amount of claim involved, whether by or against the Relevant Parties in any such pending proceeding is in excess or equivalent to 1% of the restated profit after tax as per the most recent complete Financial Year covered in the Restated Consolidated Financial Information included in the Offer Documents being ₹ 14.65 million;

(b) the monetary impact is not quantifiable or lower than the threshold mentioned in point (a) above, but the outcome in any such litigation would materially and adversely affect the Company's business, prospects, operations, performance, financial position or reputation in the opinion of the Board; or

(c) *where the decision in one matter is likely to affect the decision in similar matters, even though the amount involved in an individual matter may not exceed the materiality threshold as specified in (a) above.*

In addition, any tax litigation which involves a claim amount greater than the materiality thresholds as defined in (a) above, will also be disclosed individually.

Pre-litigation notices received by any of the Relevant Parties from third parties (excluding such notices issued by any governmental/ statutory/regulatory/governmental/taxation authorities or notices where criminal action is threatened) shall not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants or parties in litigation or arbitration proceedings before any judicial/arbitral forum.

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. Further in terms of the Materiality Policy, a creditor shall be considered "material", if the outstanding dues to such creditor is equal to or exceeds 5% of consolidated trade payables of our Company, as on the last date of the Restated Consolidated Financial Information as disclosed in this Draft Red Herring Prospectus ("**Material Creditors**"). Accordingly, as on June 30, 2024, any outstanding dues exceeding ₹ 13.75 million have been considered as material outstanding dues for the purposes of identification of material creditors and related information in this section. For outstanding dues to any party which is a micro, small or medium enterprise ("**MSME**"), the disclosure will be based on information available with the Company regarding the status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder.*

I. Litigation involving our Company

A. Litigation against our Company

(i) Criminal proceedings

Nil

(ii) *Material civil proceedings*

MKU Limited filed a civil suit on February 27, 2023 against our Company before the High Court of Delhi, alleging that our Company has infringed designs registered by MKU Limited under the Designs Act, 2000, and patents under the Patents Act, 1970, in its ballistic helmets developed for Sikh soldiers in the Indian armed forces and other security forces. MKU Limited has sought permanent injunction against our Company, restraining our Company from (i) infringing MKU Limited's registered designs and patents in relation to MKU's helmets; (ii) passing off the shape of MKU Limited's helmets as its own. MKU Limited has also filed an interim application before the High Court of Delhi seeking a temporary injunction against our Company in this regard. The matter is currently pending.

Our Company has also filed an interim application dated January 17, 2024 under Section 340 of the Code of Criminal Procedure, 1973, before the High Court of Delhi seeking directions for initiation of criminal proceedings against MKU Limited alleging perjury under Section 191 and 193 of the Indian Penal Code, 1860. The High Court of Delhi has issued notice of motion dated January 19, 2024 to MKU Limited. MKU Limited filed its reply to the interim application on February 8, 2024, before the High Court of Delhi seeking disposal of the matter. The matter is currently pending.

(iii) *Actions by statutory or regulatory authorities*

Nil

B. ***Litigation by our Company***

(i) *Criminal proceedings*

For details in relation to interim application filed by our Company seeking initiation of criminal proceedings against MKU Limited, see "***- Litigation against our Company - Material civil proceedings***" on page 374.

(ii) *Material civil proceedings*

Nil

C. ***Tax proceedings involving our Company***

Particulars	**Number of cases**	**Aggregate amount involved (*in ₹ million*)**
Direct tax	5	3.48
Indirect tax	6	196.41
Total	**11**	**199.90**

Description of tax proceedings involving our Company, exceeding the materiality threshold

(i) Pursuant to an order dated October 11, 2023 passed by the Excise and Taxation Commissioner, Faridabad, Haryana for the financial year 2020-2021, a show cause notice was issued against our Company alleging misstatement of taxable value identified through TDS/TCS declaration and our Company was directed to pay the difference amount of applicable tax amounting to ₹ 20.09 million along with the applicable interest by November, 10, 2023. Thereafter, a reminder dated August 8, 2024 was sent to our Company by the Excise and Taxation Officer, Faridabad, Haryana to file a reply by September 6, 2024. Our Company filed its reply dated September 11, 2024 stating that it had already replied to the show cause notice by ways of its reply dated November 15, 2023 and seeking time to file reply to the reminder that required further clarifications. Company is in the process of filing its reply to the reminder.

(ii) Our Company received a demand cum show cause notice dated September 30, 2022 from the Directorate General of GST Intelligence, Chandigarh Zonal Unit, alleging availment of inadmissible input tax credit of ₹ 158.06 million. An amount of ₹ 154.64 million had been voluntarily debited by our Company, but our Company has contested such charges. Subsequently, our Company received another show cause notice dated August 8, 2024 from the Joint Director, Chandigarh Zonal Unit, alleging availment and passing of fake input tax credit of ₹ 158.06 million. Our Company has filed its reply dated August 5, 2024.

II. Litigation involving our Subsidiary

A. Litigation against our Subsidiary

a) Criminal proceedings

Nil

b) Actions taken by regulatory and statutory authorities

Nil

c) Material civil proceedings

Nil

B. Litigation by our Subsidiary

a) Criminal proceedings

Nil

b) Material civil proceedings

Nil

C. Tax proceedings involving our Subsidiary

Particulars	**Number of cases**	**Aggregate amount involved (*in ₹ million*)**
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
Total	Nil	Nil

III. Litigation involving our Directors

A. Litigation against our Directors

a) Criminal proceedings

Nil

b) Actions taken by regulatory and statutory authorities

Nil

c) Material civil proceedings

Nil

B. Litigation by our Directors

a) Criminal proceedings

Nil

b) Material civil proceedings

Nil

C. ***Tax proceedings involving our Directors***

Particulars	**Number of cases**	**Aggregate amount involved (*in ₹ million*)**
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
Total	Nil	Nil

IV. Litigation involving our Promoters

A. Litigation against our Promoters

a) Criminal proceedings

Nil

b) Actions taken by regulatory and statutory authorities

Nil

c) Material civil proceedings

Nil

d) Disciplinary actions including penalties imposed by SEBI or stock exchanges in the last five financial years preceding the date of this Draft Red Herring Prospectus including outstanding actions

Nil

B. Litigation by our Promoters

a) Criminal proceedings

Nil

b) Material civil proceedings

Nil

C. Tax proceedings involving our Promoters

Particulars	**Number of cases**	**Aggregate amount involved (*in ₹ million*)**
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
Total	Nil	Nil

V. Outstanding dues to creditors

In accordance with the Materiality Policy, a creditor to whom ₹ 13.75 million, which is 5% of the total trade payables of our Company as at the end of the latest period of the Restated Consolidated Financial Information, is due by the Company, have been considered as ‘material’ creditors.

Based on the above, the details of outstanding dues (trade payables) owed to micro and small enterprises, material creditors and other creditors, as at June 30, 2024, are set out below:

Type of creditors	**Number of creditors**	**Amount involved (in ₹ million)**
Material creditors	5	210.22
Micro and small enterprises	14	15.28
Other creditors	92#	49.59
Total	**111**	**275.09**

#The number and amount involved for other creditors excludes the 5 material creditors and amounts due to such material creditors.

The details pertaining to outstanding over dues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at https://smgroupindia.com/investors/material-contracts/.

VI. Material developments

Except as disclosed below, there have been no circumstances since the date of the last financial statements which materially and adversely affect or are likely to affect our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months:

- Pursuant to a resolution passed by the Board of Directors dated August 16, 2024, and resolution dated August 23, 2024 passed by the Shareholders, the Company was converted into a public limited company, and the name of the Company was changed to “SMPP Limited”, and a fresh certificate of incorporation dated September 13, 2024 was issued by the Registrar of Companies, Central Processing Center; and

- Pursuant to resolutions passed by the Board on October 5, 2024 and by the Shareholders on October 5, 2024, the Company has issued 400,000,000 Equity Shares of face value ₹2 each as a part of a bonus issue to the existing shareholders of the Company in the ratio of 2 Equity Shares for every 1 Equity Share held, which were allotted on October 5, 2024.

- SMPP Ammunition Private Limited has availed and drawn certain bridge financing facilities of ₹ 1,000.00 million from State Bank of India on October 10, 2024, for the procurement of plant and machinery at the Planned Ammunition Manufacturing Plant in Solan which is secured by term deposit receipts of the Company (SMPP Limited) aggregating to ₹1,050.00 million.

- By two patent assignment agreements, each dated October 17, 2024, Ashish Kansal has assigned, transferred and conveyed rights to certain patents and patent applications in favor of the Company for an aggregate consideration of ₹782.60 million.

- By two agreements to sell, each dated October 16, 2024, the Company has agreed to sell certain immovable properties to Ashish Kansal for an aggregate consideration of ₹193.00 million.

Other Confirmations

As of the date of this Draft Red Herring Prospectus, there are no findings/observations of any of the inspections by SEBI or any other regulator which are material and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision.

GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals, licenses, registrations and permits issued by relevant governmental and regulatory authorities under applicable rules and regulations, each as amended. Set out below is an indicative list of such consents, licenses, registrations, permissions, and approvals obtained by our Company and its Subsidiary, which are considered material and necessary for the purposes of undertaking its businesses and operations ("**Material Approvals**"). In view of such approvals, licenses, permission from various governmental and regulatory authorities and registrations, our Company can undertake this Offer and its business activities as currently conducted and disclosed in this Draft Red Herring Prospectus In addition, certain Material Approvals may have lapsed or expired or may lapse in their ordinary course of business, from time to time, and we have either already made applications to the appropriate authorities for renewal of such Material Approvals in accordance with applicable law and requirements and procedure or are in the process of making an application for renewal. Unless otherwise stated, these approvals or licences are valid as of the date of this Draft Red Herring Prospectus.*

*For further details in connection with the regulatory and legal framework within which we operate, see the section titled "**Key Regulations and Policies in India**" on page 242. For details of risks associated with not obtaining or delay in obtaining the requisite approvals, please see the section titled. See "**Risk Factors – We operate in an industry which is highly regulated and are subject to stringent government regulations. If we fail to comply with the applicable regulations and rules prescribed by the Government of India and the relevant statutory or regulatory bodies or fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, our results of operations and cash flows may be adversely affected**" on page 37.*

A. ***Incorporation details of our Company***

See, "***History and Certain Corporate Matters - Brief history of our Company***" on page 247.

B. ***Offer related approvals***

See, "***Other Regulatory and Statutory Disclosures – Authority for the Offer***" on page 385.

C. **Material Approvals obtained in relation our Company**

I. Tax related approvals

(i) The permanent account number of our Company is AADCS9516R.

(ii) The tax deduction account number of our Company is RTKS05366E.

(iii) GST registrations number for payments under various central and state goods and services tax legislations of our Company.

S.No.	Particulars	GST IN
1.	Delhi	07AADCS9516R1ZL
2.	Punjab	03AADCS9516R1ZT
3.	Haryana	06AADCS9516R1ZN

II. Foreign trade related approvals

(i) The importer exporter code for our Company issued by the Office of the Additional Director General of Foreign Trade, Ludhiana, Government of India on January 31, 2007 is 3006014821.

III. Labour and employment related approvals

(i) Certificate of registration issued under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, as amended.

(ii) Certificate of registration under the Employees' State Insurance Act, 1948, as amended, as amended.

D. Approvals obtained in relation to the business and operations of our Company

As on the date of this Draft Red Herring Prospectus, our Company has one manufacturing factory being the Palwal Manufacturing Facility and our Subsidiary proposes to set up the Planned Ammunition Manufacturing Facility. We require various approvals, licenses and registrations under several central or state-level acts, rules and regulations to carry on our business and operations. An indicative list of the approvals required by us is provided below:

1. Our Company has been issued industrial license number LI: 179(1992) dated April 10, 1992, by the Department of Industrial Development, Government of India, for the manufacture of combustible cartridge case and components requiring explosive raw materials.

2. Our Company has been issued industrial license number DIL: 38(2008) vide its letter dated March 31, 2008, by the Department of Industrial Policy & Promotion, Government of India, for the manufacturing of bullet proof vest/jacket, vehicle armour and aircraft/helicopter armour as new articles to its existing undertaking, as an addition to its subsisting industrial license number LI: 179(1992)

   While granting the industrial license to us, the relevant Government department mandated including the following statement in any prospectus or other documents by which the public is invited to subscribe capital for the industrial undertaking:

   "*A license has been obtained from the Central Government for the manufacture of item(s) mentioned below, of which a copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that, in granting this License, the Govt. of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.*"

   Letter dated July 15, 2021 by the Department for Promotion of Industry and Internal Trade, Government of India ("**DPIIT**") amended the Industrial license number DIL: 38(2008) for the change in name of the Company from M/s. S M Pulp Packaging Pvt. Ltd. to M/s. SMPP Private Limited.

   Letter dated February 9, 2022 by the DPIIT, further amended the Industrial license number DIL: 38(2008) for the addition of certain items, as mentioned below, specially designed for military purpose subject to providing protection of level III (NIJ 0101.06, July 2008 or national equivalent or above. While granting the industrial license to us the DPIIT mandated including the following statement in any prospectus or other documents by which the public is invited to subscribe capital for the industrial undertaking:

   "*A license has been obtained from the Central Government for the manufacture of item(s) mentioned below specifically designed for military purpose subject to providing protection of level III (NIJ 0101.06, July 2008 or national equivalent or above), of which a copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that, in granting this License, the Govt. of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.*"

S.No.	Name of Item
1.	Ballistic/BR/BP Shield made of Ceramic Composite Panel
2.	Composite Armour Panel and similar Armour
3.	Bullet Proof Helmet/Bullet Resistant Helmet/Converter Band and their parts
4.	Ceramic Composite Armour Panel

3. ***Factory license:*** Factory license obtained from the Directorate of Industrial Safety and Health (Labour Department) under the Factories Act, 1948 and the rules notified thereunder, in relation to our Palwal Manufacturing Facility.

4. ***Manufacture and storage of explosives:*** Licenses, approvals and authorizations, for manufacture and storage of explosives issued by the Petroleum and Explosives Safety Organization, under the Explosives Act, 1884, as amended, in relation to our Palwal Manufacturing Facility.

5. ***Environment related approvals:*** Exemption certificate obtained from the Haryana State Pollution Control Board from seeking consent/no objection certificate for manufacturing of cartridge cases and used raw material cellulose paper from the Haryana State Pollution Control Board at our Palwal Manufacturing Facility.

Material approvals obtained in relation to our Subsidiary

A. Tax related approvals

(i) The permanent account number of our Subsidiary is ABHCS2136E.

(ii) The tax deduction account number of our Subsidiary is PTLS27428C.

(iii) GST registrations number 02ABHCS2136E1ZU for the state of Himachal Pradesh.

(iv) Importer Exporter Code ABHCS2136E of our Subsidiary issued by Office of the Additional Director General of Foreign trade, Ludhiana, Directorate General of Foreign Trade, Ministry of Commerce and Industry.

B. Material Approvals obtained in relation to the business and operations of our subsidiary

In order to carry on its operations, our Subsidiary require approvals, licenses and registrations under various state laws, rules, and regulations. An indicative list of the material approvals required by our Subsidiary is provided below:

(i) ***Arms license:*** Our Subsidiary has been issued an Arms license number DIL: (A) 03 (2023) dated April 4, 2023, issued by the DPIIT to undertake manufacturing of 125 mm, 125 mm mortar, 120 mm tank, 81 mm, 155 mm, 130 mm, 105 mm, 40 mm, 30mm at the Planned Ammunition Manufacturing Facility.

(ii) ***Possession of explosives:*** Our Subsidiary has obtained licenses, approvals and authorizations, wherever applicable for the possession of explosives issued by the Petroleum and Explosives Safety Organization, under the Explosives Act, 1884, as amended, in relation to the Planned Ammunition Manufacturing Facility.

(iii) ***Environment related approvals:*** Our Subsidiary has obtained consent to establish under the Air Act and the Water Act from the Himachal Pradesh State Pollution Control Board, in relation to the Planned Ammunition Manufacturing Facility.

I. Material Approvals pending in respect of our Company

A. Material approvals or renewals for which applications are currently pending before relevant authorities

Sr. No.	Description	Application/ registration / renewal	Authority	Date of application
1.	No objection certificate in relation to the Palwal Manufacturing Facility	Application	Haryana Fire Service Act, 2009	October 7, 2024

B. Material approvals expired and renewal yet to be applied for

Nil

C. Material approvals required but not obtained or applied for

Nil

II. Intellectual Property

A. Trademarks

We have one registered trademark under Class 9 in India. Details of the trademarks of our Company registered in India as on the date of this Draft Red Herring Prospectus are given in the table below:

S.No	Registered trademark	Description	Class of Registration	Registering authority	Registration number	Date of Registration	Date of expiry
1.	SMPP PROTECTING THOSE WHO PROTECT US	Usage of logo on bulletproof jackets, flotation vests, ballistic helmets, ballistic shields, night vision devices, software	09	Trade Marks Registry, Government of India	5454526	May 19, 2022	May 19, 2032

B. Patents

We have four patents granted in India and one patent granted in the United States of America*. For details in regard to the Patent Assignment Agreement, see "***Our Management – Interest of Directors – Interest in property***" on page 257. Details of the patents of our Company registered in India and United States of America as on the date of this Draft Red Herring Prospectus are given in the table below:

S.No	Description	Status	Registering authority	Registration number	Date of registration	Date of expiry
1.	Bidirectional Dynamic Load Distribution System	Granted	India	412653	August 18, 2020	August 18, 2040
2.	Protective Ceramic-Based Ballistic Helmet-Shaped Semi-Spherical Shell	Granted	India	423294	February 27, 2023	April 18, 2039
3.	Protective Band for Ballistic Helmets	Granted	India	332770	April 18, 2019	April 18, 2039
4.	Protective Ballistic Helmet	Granted	India	332684	April 18, 2019	April 18, 2039

**We have been given a notice of allowance and fee(s) dated April 30, 2024 for issuance of patent for our Protective Band for Ballistic Helmets by Commissioner of Patents at United States Patent and Trademark Office under the United States Department of Commerce. The grant certificate from the United States Patent and Trademark Office is awaited.*

Further, we have applied for four patents in India and one patent each in Thailand and Philippines which are pending approval as of the date of this Draft Red Herring Prospectus as set forth below:

S.No	Description	Status	Registering authority	Registration number	Date of filing	Examination date	Publication date
1.	Helmet With Cap To Accommodate Hair Bun Of User	Application Awaiting Examination	India	202311006526	February 1, 2023	September 28, 2024	April 12, 2024
2.	Helmet To Accommodate Hair Bun Of User	Application Awaiting Examination	India	202311006525	February 1, 2023	September 28, 2024	April 12, 2024
3.	Protective Band For	Pending	Thailand	2101006562	July 30, 2019	NA	January 22, 2024

S.No	Description	Status	Registering authority	Registration number	Date of filing	Examination date	Publication date
4.	Ballistic Helmets Protective Band For Ballistic Helmets	Pending	Philippines	12021552654	NA	NA	NA
5.	Boltless Ballistic Shield And Shield System Thereof	Directions Invoked u/s 35	India	202211021292	NA	NA	NA
6.	Multi-Impact Monolithic Ballistic Armour Plate	Reply Filed. Application in amended examination	India	202011005214	February 6, 2020	December 24, 2020	July 22, 2022

C. Designs

We have four designs granted in India. Details of the designs of our Company registered in India as on the date of this Draft Red Herring Prospectus are given in the table below:

S.No	Description	Status	Registering authority	Registration number	Date of registration	Date of expiry
1.	Helmet Band for mounting accessories	Granted	Controller General of Patents, Designs, and Trade Marks	404393-001	January 12, 2024	January 11, 2034
2.	High-cut Headgear	Granted	Controller General of Patents, Designs, and Trade Marks	406361-001	February 2, 2024	February 1, 2034
3.	MOD shield	Granted	Controller General of Patents, Designs, and Trade Marks	391324-001	July 27, 2023	July 27, 2033
4.	Shield	Granted	Controller General of Patents, Designs, and Trade Marks	407373-001	February 13, 2024	February 13, 2034

We have applied for two designs, which are pending approval in India as set forth below:

S.No	Description	Status	Registering authority	Registration number	Date of application	Date of expiry
1.	Accessories Rail Mounting System	Pending	Controller General of Patents, Designs, and Trade Marks	2899	January 12, 2024	NA
2.	Sikh helmet, Class	Awaiting Examination Report Reply	Controller General of Patents, Designs, and Trade Marks	422772-001	July 10, 2024	NA

OUR GROUP COMPANIES

As per the SEBI ICDR Regulations, group companies of a company include such companies (other than promoter(s) and subsidiary(ies) of such company) (i) with which there are related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards; and (ii) other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above such companies with which there were related party transactions during the period as covered by the Restated Consolidated Financial Information, as covered under the relevant accounting standard (i.e., Ind AS 24) and with respect to point (ii) above, for the purposes of disclosure in this Draft Red Herring Prospectus, a company is considered "material" and disclosed as a group company, if it is a member of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which our Company has entered into one or more transactions during the last completed Financial Year (or relevant stub period, if applicable), which individually or cumulatively in value exceeds 10% of the revenue from operations of our Company for the last completed Financial Year (or the relevant stub period, as applicable) as per the Restated Consolidated Financial Information.

Based on the parameters mentioned above, as on the date of this Draft Red Herring Prospectus, we have identified the following as Group Companies, the details of which are set forth below:

Sr. No.	Group Companies	Registered office
1.	Innovative Techtex Private Limited	E-48/10, Ground Floor, Okhla Industrial Area, Phase II, Kotak Mahindra Bank, South Delhi 110 019, Delhi, India
2.	Macario Technologies Private Limited	M-17 N D S E-Part II, New Delhi 110 049, Delhi, India
3.	Wiseman Systems Private Limited	810, Surya Kiran Building, K G Marg, Connaught Place, Central Delhi, New Delhi 110001, Delhi, India

In accordance with the SEBI ICDR Regulations, information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, of the Group Companies (determined on the basis of their market capitalization or annual turnover, as applicable), based on their respective audited financial statements for the preceding three years shall be hosted on the website of our Company, as indicated below, as the Group Companies do not have websites of their own:

S. No.	Group Companies	Website
1.	Innovative Techtex Private Limited	https://smgroupindia.com/investors/group-company-financials
2.	Macario Technologies Private Limited	https://smgroupindia.com/investors/group-company-financials
3.	Wiseman Systems Private Limited	https://smgroupindia.com/investors/group-company-financials

Our Company has provided links to such websites solely to comply with the requirements specified under the SEBI ICDR Regulations. The information provided on the websites given above should not be relied upon or used as a basis for any investment decision. Such information provided on the website given above does not constitute a part of this Draft Red Herring Prospectus.

Common pursuits

Our Group Companies, namely, Innovative Techtex Private Limited and Macario Technologies Private Limited are authorized to engage in businesses which are similar to that of our Company. As a result, there may be conflicts of interest in allocating business opportunities between us and our Group Companies. Our Company and our Group Companies will adopt the necessary procedures and practices as permitted by law to address any situation that may lead to conflict, as and when they arise. See "***Risk Factors – Our Group Companies, Innovative Techtex Private Limited and Macario Technologies Private Limited are engaged in the same line of business activities as those undertaken by our Company, which may result in conflict of interest and may have an adverse effect on our reputation, business and results of operations.***" on page 46.

Business interests

Except for sourcing certain raw materials including tex fabric from Innovative Techtex Private Limited and obtaining certain raw materials like helmet shells, ceramic tiles, double coated fabric (high performance), and chemicals and job work from Macario Technologies Private Limited in the ordinary course of business and as disclosed in "***Other Financial Information - Related party transactions***" and "***Restated Consolidated Financial Information – Note 40 – Related Party Disclosures***", on pages 338 and 317, respectively, including as set forth below, our Group Companies do not have any business interest in our Company.

Related business transactions with our Group Companies and their significance on the financial performance of our Company

As on the date of this Draft Red Herring Prospectus, except as disclosed in "***Restated Consolidated Financial Information***" on page 275, our Group Companies do not have, (i) any business interest in our Company; or (ii) related business transactions with our Company.

Nature and interests of our Group Companies

In the promotion of our Company

As on the date of this Draft Red Herring Prospectus, our Group Companies do not have any interest in the promotion or formation of our Company.

In the properties acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company

As on the date of this Draft Red Herring Prospectus, our Group Companies do not have any interest in any property acquired by our Company in the three years preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus.

In the transactions for acquisition of land, construction of building, supply of machinery, etc.

Our Group Companies do not have an interest in any transaction by our Company pertaining to acquisition of land, construction of building, supply of machinery, etc.

Litigation

As on the date of this Draft Red Herring Prospectus, there is no pending litigation involving our Group Companies which may have a material impact on our Company.

Other confirmations

None of our Group Companies have made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Red Herring Prospectus.

There is no conflict of interest between the lessors of immoveable properties, suppliers of raw materials and third party service providers, which are crucial for the operations of our Company, and our Group Companies.

None of our Group Companies have any securities listed on any stock exchange.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate approvals

- The Board has authorised the Offer pursuant to a resolution dated September 29, 2024.
- The Shareholders have authorised the Fresh Issue, pursuant to a special resolution dated September 29, 2024.
- The Board has taken on record the consent of the Promoter Selling Shareholder to participate in the Offer for Sale pursuant to its resolution dated October 13, 2024.
- This Draft Red Herring Prospectus has been approved pursuant to a resolution passed by the Board dated October 18, 2024.

Consent from the Promoter Selling Shareholder

The Promoter Selling Shareholder has approved the transfer of the Offered Shares pursuant to the Offer for Sale, as set forth below:

Name of the Promoter Selling Shareholder	Date of consent letter	Maximum number of Offered Shares	Aggregate proceeds from the sale of Equity Shares forming part of the Offer for Sale (₹ in million) (up to)
Dr. Shiv Chand Kansal	October 13, 2024	[●]	34,200

In-principle listing approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to their letters dated [●] and [●], respectively.

Prohibition by the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI") or governmental authorities

Our Company, Promoters (the persons in control of our Company), members of our Promoter Group, Directors, and the Promoter Selling Shareholder are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended

Each of our Company, Promoters (including the Promoter Selling Shareholder) and members of our Promoter Group, severally and not jointly, confirms that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable thereto in respect of its respective holding in our Company, as on the date of this Draft Red Herring Prospectus.

Directors associated with the securities market

None of our Directors are associated with the securities market in any manner. Further, no outstanding action has been initiated by SEBI against any of our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible to undertake the Offer in accordance with the eligibility criteria provided in Regulation 6(2) of the SEBI ICDR Regulations and is in compliance with the conditions specified therein in the following manner:

We are required to allot not less than 75% of the Net Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. Further, not more than 15% of the Net Offer shall be available for allocation to NIBs of which one-third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹1,000,000 provided that under-subscription in either of these two sub-categories of the Non-Institutional Poriton may be allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Net Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

We do not satisfy one of the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations, i.e. net tangible assets of at least ₹30 million under Regulation 6(1)(a) of SEBI ICDR Regulations of which not more than 50% are held in monetary assets. Therefore, we are required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable. The Promoter Selling Shareholder confirms that the Offered Shares are in compliance with Regulation 8 and Regulation 8A of the SEBI ICDR Regulations, and he has held the Offered Shares for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus.

Our Company is in compliance with the following conditions specified in Regulation 5 of the SEBI ICDR Regulations:

(a) our Company, the Promoters (including the Promoter Selling Shareholder), the members of our Promoter Group, or our Directors are not debarred from accessing the capital market by SEBI;

(b) none of our Promoters or our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI;

(c) none of our Company, our Promoters or Directors have been categorized as a Wilful Defaulter or a Fraudulent Borrower;

(d) none of our Promoters and our Directors are Fugitive Economic Offenders;

(e) as on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, IIFL SECURITIES LIMITED, JM FINANCIAL LIMITED AND MOTILAL OSWAL INVESTMENT ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND

TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, IIFL SECURITIES LIMITED, JM FINANCIAL LIMITED AND MOTILAL OSWAL INVESTMENT ADVISORS LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED OCTOBER 18, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, AS AMENDED OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

Disclaimer from our Company, our Directors, the Promoter Selling Shareholder, and the Book Running Lead Managers ("BRLMs")

Our Company, our Directors, the Promoter Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website at www.smgroupindia.com, would be doing so at his or her own risk.

The Promoter Selling Shareholder accepts no responsibility for any statements made or undertakings provided in this Draft Red Herring Prospectus, other than those specifically confirmed or undertaken by the Promoter Selling Shareholder, and only in relation to itself as the Promoter Selling Shareholder, and/or to the Equity Shares offered by the Promoter Selling Shareholder through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided in the Underwriting Agreement.

All information, to the extent required in relation to the Offer, shall be made available by our Company, the Promoter Selling Shareholder (with respect to itself and the Offered Shares) and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Bidder who Bid in the Offer will be required to confirm and would be deemed to have represented to our Company, the Promoter Selling Shareholder, Underwriters and their respective directors, partners, designated partners, trustees, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Promoter Selling Shareholder, the Underwriters and their respective directors, partners, designated partners, trustees, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, its Subsidiary, Group Companies, Promoter Selling Shareholder and their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and has engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its Subsidiary, Group Companies, Promoter Selling Shareholder and their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of jurisdiction

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), NBFC-SI or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in equity shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, permitted provident funds (subject to applicable law) and permitted pension funds (subject to applicable law), National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares in the Offer in any jurisdiction, including India.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Invitations to subscribe to or purchase the Equity Shares offered in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate courts in Delhi, India only.

Eligibility and transfer restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any offshore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer clause of BSE Limited

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Disclaimer clause of National Stock Exchange of India Limited

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Listing

The Equity Shares proposed to be Allotted pursuant to the Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for the listing and trading of the Equity Shares being issued and sold in the Offer and NSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. If such money is not repaid within the prescribed time, then our Company and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of any of the Promoter Selling Shareholder with regard to interest on such refunds as required under the Companies Act, 2013 and any other applicable law will be reimbursed by the Promoter Selling Shareholder as agreed among our Company and the Promoter Selling Shareholder in writing, in proportion to the Offered Shares and as per Applicable Law. Provided that the Promoter Selling Shareholder shall be responsible or liable for payment of any expenses or interest, unless such delay is solely and directly attributable to an act or omission of the Promoter Selling Shareholder and such liability shall be limited to the extent of its respective Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within three Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI.

If our Company does not allot Equity Shares pursuant to the Offer within three Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period or such other rate as may be prescribed by the SEBI.

The Promoter Selling Shareholder shall provide such reasonable assistance as may be requested by our Company, to the extent such assistance is required from the Promoter Selling Shareholder in relation to the Offered Shares to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges within such time prescribed by SEBI.

Consents

Consents in writing of: (a) each of our Directors, the Promoter Selling Shareholder, the members of our Promoter Group, our Company Secretary and Compliance Officer, our Joint Statutory Auditors, the legal counsel to our Company, the bankers to our Company, industry report provider, the independent practicing company secretary, independent chartered engineer, the BRLMs and Registrar to the Offer have been obtained; and (b) the Syndicate Members, Escrow Collection Bank, Public Offer Account Bank, Sponsor Bank, Refund Bank and Monitoring Agency to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013. Further, such consents obtained under (a) have not been withdrawn up to the date of this Draft Red Herring Prospectus.

Experts to the Offer

(i) Our Company has received written consent dated October 18, 2024 from SS Kothari Mehta & Co., LLP and Jagdish Sapra & Co., LLP, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus, to the extent and in their capacity as Joint Statutory Auditors, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, and in respect of their (i) examination report dated October 13, 2024 on the Restated Consolidated Financial Information; (ii) their report dated October 16, 2024 on the statement of possible special tax benefits available to the Company and its Shareholders included in this Draft Red Herring Prospectus; and (iii) various other certifications issued by them in connection with the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

(ii) Our Company has received written consent dated October 18, 2024 from Khyati Enterprises to include their name as required under Section 26(5) of the Companies Act, 2013, read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the

Companies Act, 2013, to the extent and in their capacity as independent chartered engineer, in respect of (i) certificate dated October 17, 2024 for our Palwal Manufacturing Facility, in relation to the installed capacity, actual production and capacity utilisation; and (ii) the Project Report.

(iii) Our Company has received written consent dated October 14, 2024 from DPV & Associates LLP, Company Secretaries, to include their name as the independent practicing company secretary and as an "expert" as defined under Section 2(38) of the Companies Act, in relation to the certificates issued by them and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

(iv) Our Company has received written consent dated October 18, 2024 from 1Lattice, to include their name as an independent research provider and as an "expert" in terms of Section 2(38) of the Companies Act , and reproducing, extracting or utilizing the 1Lattice Report, in relation to the certificates issued by them and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

The above-mentioned consents have not been withdrawn as on the date of this Draft Red Herring Prospectus

Particulars regarding public or rights issues during the last five years

Our Company has not undertaken any public issue or any rights issue to the public, during the five years preceding the date of this Draft Red Herring Prospectus.

Commission or brokerage on previous issues in the last five years

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares during the five years preceding the date of this Draft Red Herring Prospectus.

Capital issues in the preceding three years by our Company, our listed group companies, subsidiaries and associates of our Company

Except as disclosed in "***Capital Structure – Notes to capital structure – Equity share capital history of our Company***" on page 88, our Company has not made any capital issue during the three years preceding the date of this Draft Red Herring Prospectus. As on the date of this Draft Red Herring Prospectus, none of our Group Companies or our Subsidiary are listed. Further, as on the date of this Draft Red Herring Prospectus, our Company does not have any associates.

Performance vis-à-vis objects – public/rights issue of our Company

Our Company has not undertaken any public issues, including any rights issues to the public in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects - public/rights issue of any listed subsidiary/Promoters of our Company

As on the date of this Draft Red Herring Prospectus, our Company does not have any listed subsidiaries. Further, our Promoters are individuals.

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Price information of past issues handled by the Book Running Lead Managers

Price information disclosed below is as per the respective designated stock exchanges as disclosed by the respective issuers at the time of their respective issues

Axis Capital Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Axis Capital Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Northern Arc Capital Limited&(2)	7,770.00	263.00	24-Sep-24	350.00	-	-	-
2.	Bajaj Housing Finance Limited(2)	65,600.00	70.00	16-Sep-24	150.00	+99.86%, [-1.29%]	-	-
3.	Baazar Style Retail Limited$(1)	8,346.75	389.00	6-Sep-24	389.00	-1.32%, [+0.62%]	-	-
4.	Interarch Building Products Limited!(2)	6,002.87	900.00	26-Aug-24	1,299.00	+41.04%, [+3.72%]	-	-
5.	Ola Electric Mobility Limited# (2)	61,455.59	76.00	9-Aug-24	91.20	+44.17%, [+1.99%]	-	-
6.	Akums Drugs and Pharmaceuticals Limited@ (2)	18,567.37	679.00	6-Aug-24	725.00	+32.10%, [+5.03%]	-	-
7.	Emcure Pharmaceuticals Limited^(2)	19,520.27	1,008.00	10-Jul-24	1,325.05	+27.94%, [-0.85%]	+32.08%, [+1.94%]	-
8.	Stanley Lifestyles Limited(1)	5,370.24	369.00	28-Jun-24	499.00	+55.96%, [+2.91%]	+31.29%, [+7.77%]	-
9.	Le Travenues Technology Limited(1)	7,401.02	93.00	18-Jun-24	135.00	+86.34%, [+4.42%]	+67.63%, [+7.23%]	-
10.	Awfis Space Solutions Limited*(2)	5,989.25	383.00	30-May-24	435.00	+34.36%, [+6.77%]	+100.18%, [+11.25%]	-

Source: www.nseindia.com and www.bseindia.com
(1)BSE as Designated Stock Exchange
(2)NSE as Designated Stock Exchange
& Offer Price was ₹ 239.00 per equity share to Eligible Employees
$ Offer Price was ₹ 354.00 per equity share to Eligible Employees
! Offer Price was ₹ 815.00 per equity share to Eligible Employees
 # Offer Price was ₹ 69.00 per equity share to Eligible Employees
@ Offer Price was ₹ 615.00 per equity share to Eligible Employees
^ Offer Price was ₹ 918.00 per equity share to Eligible Employees

* *Offer Price was ₹ 347.00 per equity share to Eligible Employees*

Notes:

a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
c. *Price on NSE or BSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
d. *In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Axis Capital Limited*

Financial Year	Total no. of IPOs	Total funds raised (Millions)	Nos. of discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2024-2025*	13	290,427.91	-	-	1	5	5	1	-	-	-	1	-	-
2023-2024	18	218,638.22	-	-	4	2	6	6	-	-	3	7	4	4
2022-2023	11	279,285.39	-	1	6	-	2	2	-	2	5	-	3	1

* *The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

ICICI Securities Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by ICICI Securities Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Aadhar Housing Finance Limited^^	30,000.00	315.00(1)	15-May-24	315.00	+25.56% [+5.40%]	+33.89% [+9.67%]	NA*
2.	Go Digit General Insurance Limited^^	26,146.46	272.00	23-May-24	286.00	+22.83% [+2.32%]	+30.79% [+7.54%]	NA*
3.	Awfis Space Solutions Limited^^	5,989.25	383.00(2)	30-May-24	435.00	+34.36% [+6.77%]	+100.18% [+11.25%]	NA*
4.	Stanley Lifestyles Limited^	5,370.24	369.00	28-Jun-24	499.00	+55.96% [+2.91%]	+31.29% [+7.77%]	NA*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
5.	Allied Blenders and Distillers Limited^^	15,000.00	281.00(3)	02-Jul-24	320.00	+9.68% [+3.43%]	+21.28% [+8.52%]	NA*
6.	Akums Drugs and Pharmaceuticals Limited^^	18,567.37	679.00(4)	06-Aug-24	725.00	+32.10% [+5.03%]	NA*	NA*
7.	Ceigall India Limited^^	12,526.63	401.00(5)	08-Aug-24	419.00	-4.89% [+3.05%]	NA*	NA*
8.	Ola Electric Mobility Limited^^	61,455.59	76.00(6)	09-Aug-24	76.00	+44.17% [+1.99%]	NA*	NA*
9.	Premier Energies Limited^	28,304.00	450.00(7)	03-Sept-24	991.00	+146.93% [+2.07%]	NA*	NA*
10.	Northern Arc Capital Limited^^	7,770.00	263.00(8)	24-Sept-24	350.00	NA*	NA*	NA*

**Data not available*
^BSE as designated stock exchange
^^NSE as designated stock exchange

(1) *Discount of Rs. 23 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 315.00 per equity share*
(2) *Discount of Rs. 36 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 383.00 per equity share*
(3) *Discount of Rs. 26 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 281.00 per equity share*
(4) *Discount of Rs. 64 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 679.00 per equity share*
(5) *Discount of Rs. 38 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 401.00 per equity share*
(6) *Discount of Rs. 7 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 76.00 per equity share*
(7) *Discount of Rs. 22 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 450.00 per equity share*
(8) *Discount of Rs. 24 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 263.00 per equity share*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by ICICI Securities Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	j	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-25*	12	2,60,374.28	-	-	1	4	4	2	-	-	-	1	-	-
2023-24	28	2,70,174.98	-	-	8	5	8	7	-	1	4	10	5	8
2022-23	9	2,95,341.82	-	1	3	-	3	2	-	1	1	-	5	2

Notes:
1. *Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.*

2. *Similarly, benchmark index considered is "NIFTY 50" where NSE is the designated stock exchange and "S&P BSE SENSEX" where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.*
3. *30^{th}, 90^{th}, 180^{th} calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30^{th}, 90^{th}, 180^{th} calendar day is a holiday, in which case we have considered the closing data of the previous trading day*

IIFL Securities Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by IIFL Securities Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30^{th} calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90^{th} calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180^{th} calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Medi Assist Healthcare Services Limited	11,715.77	418.00	BSE	January 23, 2024	465.00	+22.32%,[+3.20%]	+15.66%,[+3.86%]	+33.86%,[+14.54%]
2.	R K Swamy Limited	4,235.60	288.00	BSE	March 12, 2024	252.00	-1.30%,[+1.86%]	-6.70%,[+4.11%]	-17.57%,[+10.20%]
3.	Bharti Hexacom Limited	42,750.00	570.00	BSE	April 12, 2024	755.20	+58.25%,[-2.13%]	+85.03%,[+7.65%]	+158.31,[+9.95%]
4.	JNK India Limited	6,494.74	415.00	NSE	April 30, 2024	621.00	+54.47%,[+0.44%]	+81.75%,[+9.87%]	N.A.
5.	Go Digit General Insurance Limited	26,146.46	272.00	NSE	May 23, 2024	286.00	+22.83%,[+2.32%]	+30.79%,[+7.54%]	N.A.
6.	Awfis Space Solutions Limited	5,989.25	383.00(1)	NSE	May 30, 2024	435.00	+34.36%,[+6.77%]	+100.18%,[+11.25%]	N.A.
7.	Ceigall India Limited	12,526.63	401.00(2)	NSE	August 8, 2024	419.00	-4.89%,[+3.05%]	N.A.	N.A.
8.	Unicommerce eSolutions Limited	2,765.72	108.00	NSE	August 13, 2024	235.00	+109.98%,[+3.23%]	N.A.	N.A.
9.	Ecos (India) Mobility & Hospitality Limited	6012.00	334.00	NSE	September 4, 2024	390.00	+42.28%,[+0.20%]	N.A.	N.A.
10.	Bajaj Housing Finance Limited	65,600.00	70.00	NSE	September 16, 2024	150.00	+99.86%,[-1.29%]	N.A.	N.A.

Source: www.nseindia.com; www.bseindia.com, as applicable

(1) A discount of Rs. 36 per equity share was offered to eligible employees bidding in the employee reservation portion.

(2) A discount of Rs. 38 per equity share was offered to eligible employees bidding in the employee reservation portion.

Note: Benchmark Index taken as NIFTY 50 or S&P BSE SENSEX, as applicable. Price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered for all of the above calculations. The 30^{th}, 90^{th} and 180^{th} calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30^{th} /90^{th} / 180^{th} calendar day from listing *day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by IIFL Securities Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	j	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022-23	12	1,06,650.92	-	-	4	-	4	4	-	-	3	1	4	4
2023-24	15	1,54,777.80	-	-	4	3	4	4	-	-	1	5	4	5
2024-25	8	1,68,284.80	-	-	1	4	2	1	-	-	-	1	-	-

Source: www.nseindia.com; www.bseindia.com, as applicable

Note: Data for number of IPOs trading at premium/discount taken at closing price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

NA means Not Applicable.

JM Financial Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Western Carriers (India) Limited*	4,928.80	172.00	September 24, 2024	171.00	Not Applicable	Not Applicable	Not Applicable
2.	Bajaj Housing Finance Limited*	65,600.00	70.00	September 16, 2024	150.00	99.86% [-1.29%]	Not Applicable	Not Applicable
3.	Baazar Style Retail Limited[#11]	8,346.75	389.00	September 06, 2024	389.00	-1.32% [0.62%]	Not Applicable	Not Applicable
4.	Brainbees Solutions Limited[*10]	41,937.28	465.00	August 13, 2024	651.00	37.49% [3.23%]	Not Applicable	Not Applicable
5.	Ceigall India Limited*[9]	12,526.63	401.00	August 08, 2024	419.00	-4.89% [3.05%]	Not Applicable	Not Applicable
6.	Stanley Lifestyles Limited[#]	5370.24	369.00	June 28, 2024	499.00	55.96% [2.91%]	31.29% [7.77%]	Not Applicable

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30^{th} calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90^{th} calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180^{th} calendar days from listing
7.	Le Travenues Technology Limited[#]	7401.02	93.00	June 18, 2024	135.00	86.34% [4.42%]	67.63% [7.23%]	Not Applicable
8.	TBO Tek Limited*	15,508.09	920.00	May 15, 2024	1,426.00	69.94% [5.40%]	84.90% [9.67%]	Not Applicable
9.	Gopal Snacks Limited[# 8]	6,500.00	401.00	March 14, 2024	350.00	-18.13% [1.57%]	-19.35% [4.60%]	-18.63% [11.58%]
10.	GPT Healthcare Limited[#]	5,251.40	186.00	February 29, 2024	216.15	-5.13% [1.59%]	-20.67% [3.68%]	0.30% [12.69%]

Source: www.nseindia.com and www.bseindia.com
[#] BSE as Designated Stock Exchange
** NSE as Designated Stock Exchange*
Notes:

1. *Opening price information as disclosed on the website of the Designated Stock Exchange.*
2. *Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.*
3. *For change in closing price over the closing price as on the listing date, the CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
5. *30^{th} calendar day has been taken as listing date plus 29 calendar days; 90^{th} calendar day has been taken as listing date plus 89 calendar days; 180^{th} calendar day has been taken a listing date plus 179 calendar days.*
6. *Restricted to last 10 issues.*
7. *A discount of Rs. 7 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
8. *A discount of Rs. 38 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
9. *A discount of Rs. 38 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
10. *A discount of Rs. 44 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
11. *A discount of Rs. 35 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	j	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-2025	8	1,61,618.81	-	-	2	4	1	-	-	-	-	-	-	-
2023-2024	24	2,88,746.72	-	-	7	4	5	8	-	-	5	7	5	7

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	j	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022-2023	11	3,16,770.53	-	1	3	-	5	2	-	2	2	2	3	2

Motilal Oswal Investment Advisors Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Motilal Oswal Investment Advisors Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	P N Gadgil Jewellers Limited	NSE	11,000.00	480.00	September 17, 2024	830.00	+61.14% [-1.76%]	NA
2.	R K Swamy Limited (6)	BSE	4,235.60	288.00	March 12, 2024	252.00	-1.30% [+1.86%]	-6.70% [+4.11%]
3.	Happy Forgings Limited	NSE	10,085.93	850.00	December 27, 2023	1000.00	+14.06% [-1.40%]	+4.44% [+2.04%]
4.	Cello World Limited (5)	NSE	19,000.00	648.00	November 06, 2023	829.00	+21.92% [+7.44%]	+32.99% [+12.58%]
5.	Updater Services Limited	BSE	6,400.00	300.00	October 04, 2023	299.90	-13.72% [-1.76%]	+9.05% [+10.80%]
6.	Sai Silks (Kalamandir) Limited	BSE	12,009.98	222.00	September 27, 2023	230.10	+8.09% [-4.49%]	+25.09% [+7.54%]
7.	Rishabh Instruments Limited	NSE	4907.83	441.00	September 11, 2023	460.05	+20.12% [-1.53%]	+13.24% [+4.87%]
8.	IKIO Lighting Limited	BSE	6,065.00	285.00	June 16, 2023	391.00	+44.77% [+4.22%]	+23.84% [+6.44%]
9.	Radiant Cash Management Limited	NSE	2,566.41	94.00	January 04, 2023	103.00	+2.55% [-2.40%]	2.23% [-3.75%]
10.	Tamilnad Mercantile Bank Limited	BSE	8,078.40	510.00	September 15, 2022	510.00	-8.43% [-3.36%]	+2.14% [+4.34%]

Notes:

1. *The S&P CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index, depending upon the Designated Stock Exchange.*
2. *Price is taken from NSE or BSE, depending upon Designated Stock Exchange for the above calculations.*

3. *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
4. *Not applicable – Period not completed.*
5. *A discount of Rs. 61 per Equity Share was offered to eligible employees bidding in the employee reservation portion.*
6. *A discount of Rs. 27 per Equity Share was offered to eligible employees bidding in the employee reservation portion.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Motilal Oswal Investment Advisors Limited*

Financial Year	**Total no. of IPOs**	**Total amount of funds raised (₹ million)**	**No. of IPOs trading at discount - 30th calendar days from listing**			**No. of IPOs trading at premium - 30th calendar days from listing**			**No. of IPOs trading at discount - 180th calendar days from listing**			**No. of IPOs trading at premium - 180th calendar days from listing**		
			Over 50%	**Between 25-50%**	**Less than 25%**	**j**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**
2024-25*	1	11,000.00	-	-	-	1	-	-	-	-	-	-	-	-
2023-24	7	62,704.34	-	-	2	-	1	4	-	-	1	-	2	4
2022-23	3	16,265.81	-	-	1	-	-	2	-	-	2	-	-	1

** The information is as on the date of the DRHP.*
The information for each of the financial years is based on issues listed during such financial year.
Notes: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available
Data for number of IPOs trading at premium/discount taken at closing price on NSE or BSE on the respective date, depending upon the Designated Stock Exchange

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Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as set forth in the table below:

S. No.	Name of the BRLM	Website
1.	Axis Capital Limited	www.axiscapital.co.in
2.	ICICI Securities Limited	www.icicisecurities.com
3.	IIFL Securities Limited	www.iiflcap.com
4.	JM Financial Limited	www.jmfl.com
5.	Motilal Oswal Investment Advisors Limited	www.motilaloswalgroup.com

Stock market data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for redressal of investor grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges or any such period as prescribed under the applicable laws, to enable the investors to approach the Registrar to the Offer for redressal of their grievances. The Registrar to the Offer shall obtain the required information from the Self Certified Syndicate Banks ("**SCSBs**") for addressing any clarifications or grievances of application supported by blocked amount ("**ASBA**") Bidders. All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer.

Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs, in the manner provided below. Our Company, the Promoter Selling Shareholder`, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the applicable provisions of the SEBI ICDR Regulations.

All Offer related grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary, with whom the Bid cum Application Form was submitted giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, address of Bidder, number of the Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary where the Bid was submitted.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. For Offer-related grievances, investors may contact the BRLMs, whose contact details are disclosed in "***General Information – Book Running Lead Managers***" on page 79.

In case of any delay in unblocking of amounts in the ASBA Accounts exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Pursuant to the SEBI master circular for Issue of Capital and Disclosure Requirements bearing reference number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 ("**SEBI ICDR Master Circular**"), SEBI has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism *inter alia* in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures.

In terms of SEBI ICDR Master Circular issued by the SEBI and subject to Applicable Laws, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, in terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

Separately, pursuant to the circular (No. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021 issued by the SEBI ("**March 2021 Circular**"), the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism, for public issues opening on or after May 1, 2021, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	**Compensation amount**	**Compensation period**
Delayed unblock for cancelled/withdrawn/deleted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation/withdrawal/deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original Bid Amount; and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount; and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non–Allotted/partially Allotted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalisation of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the BRLMs shall be liable to compensate the investor ₹100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

Disposal of investor grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSBs in case of ASBA bidders for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company shall obtain authentication on the SEBI SCORES platform and shall comply with the SEBI circular no. (CIR/OIAE/1/2013) dated April 17, 2013 read with SEBI circular no. SEBI/HO/OIAE/IGRD/CIR/P/2019/86 dated August 2, 2019, SEBI circular no. SEBI/HO/OIAE/IGRD/CIR/P/2021/642 dated October 14, 2021 and SEBI circular no. SEBI/HO/OIAE/IGRD/P/CIR/2022/0150 dated November 7, 2022 and shall comply with the SEBI circular no. CIR/OIAE/1/2014 dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has appointed Sachin Jain, as the Company Secretary and Compliance Officer of our Company. See "***General Information – Company Secretary and Compliance Officer***" on page 78.

The Promoter Selling Shareholder has authorised the Company Secretary and Compliance Officer, and the Registrar to the Offer to deal with and redress, on its behalf any investor grievances received in the Offer in relation to its Offered Shares solely to the extent of the statements specifically made, confirmed or undertaken by him in the Offer Documents in respect of himself as the Promoter Selling Shareholder and his Offered Shares.

Our Company has also constituted a Stakeholders' Relationship Committee to resolve the grievances of the security holders of our Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends and issue of new/duplicate certificates. See "***Our Management – Stakeholders' Relationship Committee***" on page 263.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

Other confirmations

Any person connected with the Offer shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making a Bid in the Offer, except for fees or commission for services rendered in relation to the Offer.

Exemption from complying with any provisions of securities laws, if any, granted by Securities and Exchange Board of India

Our Company has not sought any exemption from complying with any provisions of securities laws as on the date of this Draft Red Herring Prospectus.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to this Offer are and shall be subject to the provisions of the Companies Act, 2013 ("**Companies Act, 2013**"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**"), the Securities Contracts (Regulation) Act, 1956 ("**SCRA**"), the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**"), the Memorandum of Association, the Articles of Association, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the Abridged Prospectus and other terms and conditions as may be incorporated in the CAN, Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities, issued from time to time, by Securities and Exchange Board of India ("**SEBI**"), Government of India ("**GoI**"), the Stock Exchanges, the Registrar of Companies, Punjab and Chandigarh at Chandigarh ("**RoC**"), the Reserve Bank of India ("**RBI**"), and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as maybe prescribed by SEBI, GoI, the Stock Exchange, the RoC, the RBI, and/or other authorities while granting its approval for the Offer

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Promoter Selling Shareholder. Expenses for the Offer shall be incurred in the manner specified in "***Objects of the Offer – Offer related expenses***" on page 118.

Ranking of Equity Shares

The Equity Shares being offered/Allotted and transferred pursuant to the Offer will be subject to the provisions of the Companies Act, 2013, our Memorandum of Association and our Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of rights to receive dividends and other corporate benefits, if any, declared by our Company after the date of Allotment as per the applicable law. See, "***Description of Equity Shares and Terms of the Articles of Association***" on page 436.

Mode of payment of dividend

Our Company will pay dividends, if declared, to the Shareholders, as per the provisions of the Companies Act, 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the Government of India in this respect or any other applicable law. Any dividends declared, after the date of Allotment in the Offer, will be payable to the Allottees who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. See "***Dividend Policy***" and "***Description of Equity Shares and Terms of the Articles of Association***" on pages 274 and 436, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 2 each and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot will be decided by our Company in consultation with the BRLMs, and published by our Company in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] edition of [●] (a widely circulated Punjabi national daily newspaper, Punjabi being the regional language of Punjab, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for Equity Shares offered by way of the Book Building Process.

At any given point in time there will be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the equity shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity Shareholders will have the following rights:

1. right to participate in profits and dividends;
2. differential rights as to dividend, voting or otherwise in accordance with the Companies Act, 2013;
3. right to attend general meetings and exercise voting powers, unless prohibited by law;
4. right to vote on a poll either in person or by proxy and e-voting in accordance with the provisions of the Companies Act, 2013; and
5. such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Description of Equity Shares and Terms of the Articles of Association***" on page 436.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in dematerialised form only. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form.

In this context, two agreements have been entered into and amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated October 3, 2024 among NSDL, our Company and the Registrar to the Offer.

- Tripartite Agreement dated October 4, 2024 among CDSL, our Company and Registrar to the Offer.

Market lot and trading lot

Since trading of the Equity Shares will be in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Share, subject to a minimum Allotment of [●] Equity Shares of face value of ₹2 each. For the method of Basis of Allotment, see "***Offer Procedure***" on page 413.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Delhi, India.

Joint holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and Share Transfer Agents of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, as amended, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participants.

Bid/Offer Period

BID/OFFER OPENS ON*	[●]
BID/OFFER CLOSES ON#**	[●]

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

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

UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

An indicative timetable in respect of the Offer is set out below:

FINALISATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE	On or about [●]
INITIATION OF REFUNDS FOR ANCHOR INVESTORS/ UNBLOCKING OF FUNDS FROM ASBA ACCOUNT*	On or about [●]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	On or about [●]
COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGE	On or about [●]

* *In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date for cancelled/withdrawn/deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/withdrawal/deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, and the SEBI ICDR Master Circular, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.*

The above timetable is indicative and does not constitute any obligation on our Company or the Promoter Selling Shareholder or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing

and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within three Working Days of Bid/Offer Closing Date or such time as may be prescribed by SEBI, with reasonable support and co-operation of the Promoter Selling Shareholder, as may be required in respect of its Offered Shares, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges or delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Promoter Selling Shareholder confirms that it shall extend commercially reasonable co-operation to our Company, as may be required solely in relation to its Offered Shares, in accordance with applicable law, to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges within three Working Days from the Bid/Offer Closing Date or such time as prescribed by SEBI.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within three Working days of Bid/ Offer Closing Date or such time prescribed by SEBI, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the listing timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. IST
Bid/Offer Closing Date*	
Submission of Electronic Applications (Online ASBA through 3-in-1 accounts) – For RIIs, other than QIBs and Non-Institutional Investors and Eligible Employees Bidding in the Employee Reservation Portion	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and Non-Institutional Investors. Applications where Bid Amount is more than ₹500,000	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Investors categories#	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 4.00 p.m. IST on Bid/Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIIs and Eligible Employees Bidding in the Employee Reservation Portion	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 5.00 p.m. IST on Bid/Offer Closing Date

**UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.*
#QIBs and Non-Institutional Investors can neither revise their bids downwards nor cancel/ withdraw their Bids.

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Investors; and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Investors and Eligible Employees.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by RIIs and Eligible Employees Bidding in the Employee Reservation Portion after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on a daily basis within 60 minutes of the bid closure time from the Bid/Offer Opening Date till the Bid/Offer Closing

Date by obtaining such information from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the Registrar to the Offer on a daily basis. as per the format prescribed in SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021. To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

It is clarified that Bids shall be processed only after the application monies are blocked in the ASBA Account and Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs, or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 12.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted on the Stock Exchange platform only during Working Days, during the Bid/ Offer Period. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing. Further, as per letter no. list/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays, Sundays and public/bank holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

Our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price. Provided that, the Cap Price of the Price Band shall be at least 105% of the Floor Price.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Banks, as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

On the date of closure of the Offer, if our Company does not receive (i) minimum subscription of 90% of the Fresh Issue; or (ii) a subscription in the Offer equivalent to at least the minimum number of securities as specified under Rule 19(2)(b) of the SCRR, or (iii) in case of devolvement of Underwriting, aforesaid minimum subscription is not received within 60 days from the date of Bid/ Offer Closing Date; or (iv) if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Offer, the Promoter Selling Shareholder, in relation to the Offered Shares and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond two days, our Company shall pay interest at the rate of 15% per annum including the circular bearing no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023. If there is a delay beyond four days, our Company and every Director of our Company who is an officer in default, to the extent applicable, shall pay interest as prescribed under applicable law issued by SEBI.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000, failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

In case of under-subscription in the Offer, Equity Shares will be Allotted in the following order of priority (i) such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed; (ii) all the Equity Shares held by the Promoter Selling Shareholder and offered for sale in the Offer for Sale will be Allotted; and (iii) once Equity Shares have been Allotted as per (i) and (ii) Equity Shares will be Allotted by the Company towards the balance 10% of the Fresh Issue portion.

Arrangements for disposal of odd Lots

Since the Equity Shares will be treated in dematerialised form only, and the market lot for the Equity Shares will be one Equity Share, there are no arrangements for disposal of odd lots.

New financial instruments

Our Company is not issuing any new financial instruments through the Offer.

Restrictions, if any on transfer and transmission of Equity Shares

Except for lock-in of pre-Offer equity shareholding, minimum Promoter's Contribution and Anchor Investor lock-in in the Offer, as detailed in "***Capital Structure – Notes to Capital Structure - Details of minimum Promoters' Contribution and lock-in of Equity Shares held by our Promoters***" on page 95 and except as provided in our Articles as detailed in "***Description of Equity Shares and Terms of the Articles of Association***" on page 436, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

Withdrawal of the Offer

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Offer, in whole or in part thereof, after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Banks, in case of UPI Bidders, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company in consultation with the BRLMs withdraw the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with a public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within three Working Days of the Bid/ Offer Closing Date or such other time period as prescribed under applicable law; and (ii) the final RoC approval of the Prospectus after it is filed and/ or submitted with the RoC and the Stock Exchanges. If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law.

OFFER STRUCTURE

The Offer is up to [●] Equity Shares of face value of ₹2 each, for cash at a price of ₹[●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 40,000 million comprising a Fresh Issue of [●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 5,800 million by our Company and an Offer for Sale of [●] Equity Shares of face value of ₹2 each, aggregating up to ₹ 34,200 million by the Promoter Selling Shareholder. The Offer includes an Employee Reservation Portion of up to [●] Equity Shares of face value of ₹2 each resulting in Net Offer of [●] Equity Shares of face value of ₹2 each. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively of the post-Offer paid-up Equity Share capital of our Company. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,160 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

In terms of Rule 19(2)(b) of the SCRR, the Offer is being made through the Book Building Process, in compliance with Regulation 31 of the SEBI ICDR Regulations

Particulars	Eligible Employees#	QIBs(1)	NIIs	RIIs
Number of Equity Shares available for Allotment or allocation*(2)	[●] Equity Shares of face value of ₹2 each	Not less than [●] Equity Shares of face value of ₹2 each, aggregating to ₹ [●] million, subject to the allocation/ allotment of not less than 75% of the Net Offer	Not more than [●] Equity Shares of face value of ₹2 each, available for allocation or Net Offer less allocation to QIB Bidders and RIIs	Not more than [●] Equity Shares of face value of ₹2 each, available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Investors
Percentage of Offer Size available for Allotment or allocation	[●]% of the post-Offer paid-up equity share capital of our Company	Not less than 75% of the Net Offer being available for allocation to QIB Bidders. However, up to 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not more than 15% of the Net Offer less allocation to QIB Bidders and RIIs shall be available for allocation, subject to the following: (i) one-third of the portion available to NIIs shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹1,000,000 ; and (ii) two-third of the portion available to NIIs shall be reserved for applicants with application size of more than ₹1,000,000. provided that the unsubscribed portion in either of the subcategories specified above may be allocated to applicants in the other sub-category of NIIs	Not more than 10% of the Net Offer or the Offer less allocation to QIB Bidders and Non-Institutional Investors will be available for allocation
Basis of Allotment if respective category is oversubscribed*	Proportionate; unless the Employee	Proportionate as follows (excluding the Anchor Investor Portion):	The Allotment of Equity Shares to each Non-Institutional Investor shall	The allotment to each RII shall not be less than the minimum

Particulars	Eligible Employees#	QIBs(1)	NIIs	RIIs
	Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees Bidding in the Employee Reservation Portion for value exceeding ₹200,000 (net of Employee Discount, if any), subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any)	a) up to [●] Equity Shares of face value of ₹2 each, shall be available for allocation on a proportionate basis to Mutual Funds only; b) up to [●] Equity Shares of face value of ₹2 each, shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares of face value of ₹2 each, may be allocated on a discretionary basis to Anchor Investors, of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price.	not be less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in Schedule XIII to the SEBI ICDR Regulations	Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be Allotted on a proportionate basis. See "***Offer Procedure***" on page 413.
Mode of Bidding^	Through ASBA process only (including the UPI Mechanism)	Through ASBA process only (except Anchor Investors) (excluding the UPI Mechanism)	Through ASBA process only (including the UPI Mechanism for Bids up to ₹ 500,000)	Through ASBA process only (including the UPI Mechanism)
Minimum Bid	[●] Equity Shares of face value of ₹2 each	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹2 each, such that the Bid Amount exceeds ₹ 200,000.	For Non-Institutional Investors applying under one-third of the Non-Institutional Portion (with application size of more than ₹200,000 and up to ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹2 each, such that the Bid Amount exceeds ₹ 200,000. For Non-Institutional Investors applying under two-thirds of the Non-Institutional Portion (with application size of more than ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹2 each, such that the Bid Amount exceeds ₹ 1,000,000.	[●] Equity Shares of face value of ₹2 each

Particulars	Eligible Employees#	QIBs(1)	NIIs	RIIs
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹2 each, so as to ensure that the Bid Amount by each Eligible Employee does not exceed ₹500,000 less Employee Discount, if any	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹2 each, not exceeding the size of the Offer (excluding the Anchor Investor Portion), subject to applicable limits to each Bidder	For Non-Institutional Investors applying under one-third of the Non-Institutional Portion (with application size of more than ₹200,000 and up to ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹2 each, such that the Bid Amount does not exceeds ₹ 1,000,000. For Non-Institutional Investors applying under two-thirds of the Non-Institutional Portion (with application size of more than ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹ 2 each not exceeding the size of the Net Offer, (excluding the QIB Portion) subject to limits applicable to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹2 each, so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialised form			
Bid Lot	[●] Equity Shares of face value of ₹ 2 each and in multiples of [●] Equity Shares of face value of ₹ 2 each thereafter			
Allotment Lot	[●] Equity Shares of face value of ₹2 each, and in multiples of one Equity Share of face value of ₹ 2 each thereafter	[●] Equity Shares of face value of ₹2 each, and in multiples of one Equity Share of face value of ₹ 2 each thereafter	For NIBs allotment shall not be less than the Minimum Non-Institutional Application Size.	[●] Equity Shares of face value of ₹2 each, and in multiples of one Equity Share of face value of ₹ 2 each thereafter
Trading Lot	One Equity Share			
Who can apply(3)(4)(5)(6)	Eligible Employees	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, multilateral and bilateral development financial institutions, Mutual Funds, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDAI, provident funds with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million registered with the Pension Fund Regulatory and Development Authority established under the provisions of Pension Fund Regulatory and Development Authority Act, 2013, National	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions, societies, and trusts and any individuals, corporate bodies and family offices which are re-categorised as category II FPI (as defined in the SEBI FPI Regulations) and registered with SEBI.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)

Particulars	Eligible Employees#	QIBs(1)	NIIs	RIIs
		Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.		
Terms of Payment		**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(4) **In case of all other Bidders**: Full Bid Amount shall be blocked by the Self-Certified Syndicate Banks ("**SCSBs**") in the bank account of the ASBA Bidder (other than Anchor Investors), or by the Sponsor Banks through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form		

* *Assuming full subscription in the Offer.*

\# *Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 500,000 (net of Employee Discount, if any). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). An Eligible Employee Bidding in the Employee Reservation Portion (subject to Bid Amount being up to ₹ 200,000) can also Bid in the Retail Portion, and such Bids shall not be considered multiple Bids. However, Bids by Eligible Employees in the Employee Reservation Portion and in the Non-Institutional Portion will be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹ 0.20 million (net of Employee Discount) in the Employee Reservation Portion. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

^ *SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, NIIs and RIIs and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.*

(1) *Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100,000,000, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100,000,000 but up to ₹ 2,500,000,000 under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50,000,000 per Anchor Investor, and (iii) in case of allocation above ₹ 2,500,000,000 under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500,000,000, and an additional 10 Anchor Investors for every additional ₹ 2,500,000,000 or part thereof will be permitted, subject to minimum allotment of ₹ 50,000,000 per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100,000,000. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company in consultation with the BRLMs.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR and Regulation 6(2) of the SEBI ICDR Regulations.*

(3) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

(4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor pay-in date as indicated in the Confirmation of Allotment Note ("**CAN**").*

(5) *Bids by FPIs with certain structures as described under "**Offer Procedure – Bids by Foreign Portfolio Investors**" on page 419 and having the same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with the same PAN) may be proportionately distributed.*

(6) *Bidders will be required to confirm and will be deemed to have represented to our Company, the Promoter Selling Shareholder, the Underwriters, their respective directors, officers, designated partners, partners, trustees, associates, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis.

Eligible Employees Bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount, at the time of making a Bid. Eligible Employees Bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid. Employee Discount, if any, will be offered to Eligible Employees Bidding in the Employee Reservation Portion, and, at the time of making a Bid. Eligible Employees Bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Employee Discount, if any, at the time of making a Bid. Eligible Employees Bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, if any, at the time of making a Bid. In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding ten Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a public notice and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by the SEBI and the UPI Circulars (the "**General Information Document**"), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 2013, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) Designated Date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; (xiii) price discovery and allocation; and (xiv) interest in case of delay in Allotment or refund.

*SEBI through the UPI Circulars has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Bidders through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Bidders applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days ("**UPI Phase I**"), until June 30, 2019. Subsequently, for applications by Retail Individual Bidders through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds was discontinued and RIBs submitting their ASBA Forms through Designated Intermediaries (other than SCSBs) were allowed to only use UPI Mechanism with a timeline of T+6 days pursuant to SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 ("**UPI Phase II**"). Furthermore, pursuant to circular (SEBI/HO/CFD/DIL2/P/CIR/P/2022/45) dated April 5, 2022, all individual bidders in initial public offerings whose Bid sizes are up to ₹500,000 shall use the UPI Mechanism for submitting their Bids. Thereafter, pursuant to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, the final reduced timeline of T+3 days ("**UPI Phase III**"), using the UPI Mechanism for applications by UPI Bidders was voluntary for public issues opening on or after September 1, 2023, and mandatory for public issues opening on or after December 1, 2023. ("**T+3 Circular**"). Accordingly, the Offer will be undertaken pursuant to the processes and procedures under UPI Phase III on mandatory basis, subject to any circulars, clarification or notification issued by the SEBI pursuant to the T+3 Notification.*

*Further, pursuant to SEBI master circular bearing reference no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 ("**SEBI RTA Master Circular**") and circular (SEBI/HO/CFD/DIL2/P/CIR/2022/75) dated May 30, 2022, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The provisions of these circulars are deemed to form part of this Draft Red Herring Prospectus. Additionally, pursuant to circular (SEBI/HO/CFD/DIL2/P/CIR/2022/75) dated May 30, 2022, applications made using the ASBA facility in initial public offerings shall be processed only after application monies are blocked in the bank accounts of investors (all categories).*

The BRLMs shall be the nodal entity for any Issues arising out of the public issuance process. In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI RTA Master Circular shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and the BRLMs shall continue to coordinate with intermediaries involved in the said process.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date in accordance with the SEBI circular *no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher, for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and as amended pursuant to SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, has reduced the timelines for refund of Application money to four days. The BRLMs shall be the nodal entity for any issues arising out of the public issuance process.*

Our Company, the Promoter Selling Shareholder, the BRLMs and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with Applicable Laws and does not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus. Further, our Company, the Promoter Selling Shareholder and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company in consultation with the Book Running Lead Managers may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Furthermore, up to [●] Equity Shares of face value of ₹2 each, aggregating up to ₹ [●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price, if any. The Employee Reservation Portion shall not exceed 5% of our post -Offer paid-up equity share capital subject to valid Bids being received at or above the Offer Price, net of Employee Discount.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount, if any) subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes on February 13, 2020, and press release dated June 25, 2021 and September 17, 2021, CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023, read with subsequent circulars issued in relation thereto.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including depository participant's identity number ("**DP ID**"), client identification number ("**Client ID**"), PAN and unified payments interface identity number ("**UPI ID**"), in case of UPI Bidders and Eligible Employees Bidding in the Employee Reservation portion using the UPI Mechanism), as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.

All SCSBs offering the facility of making application in public issues shall also provide facility to make application using UPI. Our Company has appointed the Sponsor Banks to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the UPI Bidders using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post-Offer BRLM(s) will be required to compensate the concerned investor.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all UPI Bidders shall provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

(i) a syndicate member;

(ii) a stockbroker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);

(iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity); or

(iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

Electronic registration of Bids

(i) The Designated Intermediary may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Offer.

(ii) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

(iii) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 5.00 p.m. on the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the Bid information to the Registrar to the Offer for further processing.

(iv) QIBs and Non-Institutional Investors can neither revise their bids downwards nor cancel/withdraw their bids.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of BSE (https://www.bseindia.com) and NSE (https://www.nseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process, which shall include the UPI Mechanism in the case of UPI Bidders.

UPI Bidders submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to Bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Bids submitted by UPI Bidders with any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. UPI Bidders using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Bids by Application Supported by Blocked Amount Bidders

ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

For all initial public offerings opening on or after September 1, 2022, as specified by SEBI pursuant to its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. This circular shall be applicable for all categories of investors viz. Retail, QIB, NII and other reserved categories and also for all modes through which the applications are processed.

The ASBA Bidders, including UPI Bidders, shall ensure that they have sufficient credit balance such that an amount equivalent to full Bid Amount can be blocked therein, at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^	[●]
Non-Residents including Foreign Portfolio Investors ("**FPIs**"), Eligible Non-Resident Investors ("**NRIs**") applying on a repatriation basis, foreign Venture Capital Investors ("**FVCIs**") and registered bilateral and multilateral institutions	[●]
Anchor Investors^^	[●]
Eligible Employees Bidding in the Employee Reservation Portion#	[●]

**Excluding the electronic Bid cum Application Form.*

^*Electronic Bid cum Application Form will be made available for download on the website of the BSE (*www.bseindia.com*) and NSE (www.nseindia.com).*

^^*Bid cum Application Forms for Anchor Investors will be made available at the offices of the BRLMs.*

Bid cum Application Forms for Eligible Employees shall be available at the Registered Office of our Company.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For UPI Bidders using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate UPI Mandate Request to UPI Bidders for blocking of funds. For ASBA Forms (other than UPI Bidders) Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis through API integration to enable the Sponsor Bank(s) to initiate UPI Mandate Request to the UPI Bidders, for blocking of funds. The Sponsor Bank(s) shall initiate request for blocking of funds through NPCI to the UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders in case of failed transactions shall be with the concerned entity (*i.e.* the Sponsor Bank(s), NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/investor complaints to the Sponsor Bank(s) and the issuer bank. The Sponsor Bank(s) and the Bankers to the Offer shall provide the audit trail to the BRLMs for analyzing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022. In accordance with circular issued by NSE having reference no. 25/2022 dated August 3, 2022, and the notice issued by BSE having reference no. 20220803-40 dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Bank(s) shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5.00 p.m. on the Bid/ Offer Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The Sponsor Banks will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Banks will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Banks and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with UPI switch data, Core Banking System ("**CBS**") data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

For ASBA Forms (other than UPI Bidders using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s).

The Sponsor Banks shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

Participation by the Promoters and the members of the Promoter Group, the Book Running Lead Managers, associates and affiliates of the Book Running Lead Managers and the Syndicate Members and the persons related to the Promoters, the members of the Promoter Group, Book Running Lead Managers and the Syndicate Member

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in the Offer in any manner, except towards fulfilling their respective underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the BRLMs nor any persons related to the BRLMs can apply in the Offer under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associate of the BRLMs;

(ii) insurance companies promoted by entities which are associate of the BRLMs;

(iii) Alternate Investment Funds ("**AIFs**") sponsored by the entities which are associate of the BRLMs;

(iv) Foreign Portfolio Investors ("**FPIs**") other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the BRLMs; or

(v) pension funds sponsored by entities which are associate of the BRLMs;

Our Promoters, except to the extent of the Equity Shares offered by the Promoter Selling Shareholder, and the members of our Promoter Group will not participate in the Offer. Further, persons related to our Promoters and Promoter Group shall not apply in the Offer under the Anchor Investor Portion.

For the purposes of the above, a QIB who has the following rights shall be deemed to be a person related to our Promoters or Promoter Group:

(i) rights under a shareholders' agreement or voting agreement entered into with our Promoters or Promoter Group;

(ii) veto rights; or

(iii) right to appoint any nominee director on the Board.

Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if:

(i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or

(ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or

(iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof, subject to applicable laws.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value ("**NAV**") in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible Non-resident Indians ("NRIs")

Eligible NRIs may obtain copies of ASBA Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident forms should authorise their SCSB to block their Non-Resident External ("**NRE**") accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("**FCNR**") accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using resident forms should authorise their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Participation of Eligible NRIs in the Offer shall be subject to the Foreign Exchange Management Act ("**FEMA**") Non-debt Instrument Rules. Only bids accompanied by payment in Indian rupees or fully convertible foreign exchange will be considered for allotment.

Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/NRO accounts. In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up Equity Share capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and Overseas Citizen of India ("**OCI**") put together shall not exceed 10% of the total paid-up Equity Share capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Our Company has the raised the aggregate ceiling to 24% by a special resolution dated September 29, 2024. See, "***Restrictions on Foreign Ownership of Indian Securities***" on page 434.

Bids by Hindu Undivided Families ("HUFs")

Bids by Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs may be considered at par with Bids from individuals.

Bids by Foreign Portfolio Investors ("FPIs")

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company, which is 49% of the total paid-up Equity Share capital of our Company on a fully diluted basis. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 49%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Bids by FPIs which utilise the multi-investment manager structure, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple Bids.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company, in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason, subject to applicable laws.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, inter alia, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with SEBI master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022, provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the multiple investment managers ("**MIM**") Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids:

- FPIs which utilise the MIM structure, indicating the name of their respective investment managers in such confirmation;
- Offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the Applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Please note that in terms of the General Information Document, the maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under applicable laws. Further, MIM Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid. Further, please note that as disclosed in this Draft Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form "*exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus.*"

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the "**FPI Group**") shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital shall be liable to be rejected.

Bids by Securities and Exchange Board of India ("SEBI") registered Venture Capital Funds ("VCFs"), Alternate Investment Funds ("AIFs") and Foreign Capital Investors ("FVCIs")

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 ("**SEBI VCF Regulations**") as amended, inter alia prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended ("**SEBI FVCI Regulations**") prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of AIFs, VCFs and FVCIs shall also be subject to the FEMA Rules.

Further, the shareholding of VCFs, Category I AIFs or Category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided that such equity shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate equity investments in any other entities engaged in financial and non-financial services, including overseas investments, cannot exceed 20% of the bank's paid-up share capital and reserves. However, a banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt, or to protect the bank's interest on loans/investments made to a company.

Bids by Self-Certified Syndicate Banks ("SCSBs")

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012, and January 2, 2013, respectively, issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares of face value of ₹2 each, and in multiples of [●] Equity Shares of face value of ₹2 each, thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of Employee Discount, if any). The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that the Bid does not exceed ₹ 500,000 (net of Employee Discount, if any).

However, Allotments to Eligible Employees in excess of ₹ 200,000 (net of Employee Discount, if any) shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any) (which will be less Employee Discount, if any). Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).

b) The Bidder should be an Eligible Employee as defined. In case of joint bids, the first Bidder shall be an Eligible Employee.

c) Only Eligible Employees would be eligible to apply in the Offer under the Employee Reservation Portion.

d) Only those Bids, which are received at or above the Offer Price, net of Employee Discount, if any, if any would be considered for Allotment under this category.

e) Eligible Employees can apply at Cut-off Price.

f) If the aggregate demand in this category is less than or equal to [●] Equity Shares of face value of ₹2 each, at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

g) Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. Eligible Employee can also apply under Retail Portion. However, Bids by Eligible Employees in the Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹2,00,000 (net of Employee Discount, if any) in the Employee reservation portion.

h) Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

i) As per the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, Eligible Employees Bidding in the Employee Reservation Portion must also Bid through the UPI mechanism

j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than [●] Equity Shares of face value of ₹2 each, at or above the Offer Price, the allocation shall be made on a proportionate basis. Please note that any individuals who are directors, employees or promoters of (a) the BRLMs, Registrar to the Offer, or the Syndicate Members, or of the (b) 'associate companies' (as defined in the Companies Act, 2013, as amended) and 'group companies' of such BRLMs, Registrar to the Offer or Syndicate Members are not eligible to bid in the Employee Reservation Portion.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, read with the Investments – Master Circular dated October 27, 2022, each as amended, are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer or health insurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or health insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or health insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Provident Funds/Pension Funds

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 250,000,000, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, subject to applicable law, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, systematically important non-banking finance company ("**NBFC-SI**"), insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250,000,000 (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250,000,000, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLMs, may deem fit.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below:

(a) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100,000,000. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100,000,000.

(c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date and will be completed on the same day.

(e) Our Company may finalise allocation to the Anchor Investors and the basis of such allocation will be on a discretionary basis by our Company in consultation with the BRLMs, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

    (i) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100,000,000;

    (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100,000,000 but up to ₹ 2,500,000,000, subject to a minimum Allotment of ₹ 50,000,000 per Anchor Investor; and

    (iii) in case of allocation above ₹ 2,500,000,000 under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500,000,000, and an additional 10 Anchor Investors for every additional ₹ 2,500,000,000, subject to minimum Allotment of ₹ 50,000,000 per Anchor Investor.

(f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

(g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.

(i) 50% of the Equity Shares Allotted to the Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment and the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

(j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) shall apply in the Offer under the Anchor Investor Portion. See ***"– Participation by the Promoters and the members of the Promoter Group, the Book Running Lead Managers, associates and affiliates of the Book Running Lead Managers and the Syndicate Members and the persons related to the Promoters, the members of the Promoter Group, Book Running Lead Managers and the Syndicate Member*** " on page 417.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditors, and (iv) such other approval as may be required by the NBFC-SI, are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

For more information, please read the General Information Document.

The above information is given for the benefit of the Bidders. Our Company, the Promoter Selling Shareholder, and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he/she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Promoter Selling Shareholder and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIIs and Eligible Employees Bidding under the Employee Reservation Portion can revise their Bid(s) during the Bid/Offer Period and withdraw or lower the size of their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

***Do's*:**

1. Check if you are eligible to apply as per the terms of this Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

3. Ensure that you have Bid within the Price Band;

4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

5. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e., bank account number or UPI ID, as applicable) and PAN in the Bid cum Application Form and if you are a UPI Bidder ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (except in case of electronic Bids) within the prescribed time;

7. UPI Bidders Bidding using the UPI Mechanism in the Offer shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

8. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;

9. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 5:00 pm on the Bid/Offer Closing Date;

10. Ensure that the signature of the first bidder in case of joint Bids, is included in the Bid cum Application Forms. If the first bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder;

11. Ensure that the names given in the Bid cum Application Form is/are exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the first bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

12. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

13. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original

Bid was placed and obtain a revised acknowledgment;

14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008 issued by SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market, and (iii) persons/entities exempt from holding a PAN under applicable law, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

15. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

17. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents including a copy of the power of attorney, if applicable, are submitted;

19. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

20. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;

21. Since the Allotment will be in dematerialised form only, ensure that the depository account is active, the correct DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI mechanism) and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI mechanism) and the PAN entered into the online initial public offerings ("**IPO**") system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI mechanism) and PAN available in the Depository database;

22. In case of QIBs and NIIs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

23. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or the Sponsor Banks, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid. In case of UPI Bidder Bidding through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

24. Ensure that the Demographic Details are updated, true and correct in all respects;

25. The ASBA Bidders shall use only their own bank account or only their own bank account linked UPI ID for the purposes of making Application in the Offer, which is UPI 2.0 certified by NPCI;

26. The ASBA Bidders shall ensure that bids above ₹ 5,00,000, are uploaded only by the SCSBs;

27. Bidders (except UPI Bidders Bidding through the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of UPI Bidders, once the Sponsor Banks issues the Mandate Request, the UPI Bidders would be required to proceed to authorise the blocking of funds by confirming or accepting the UPI Mandate Request to authorise the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

28. Bidding through UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, a UPI Bidder Bidding through UPI Mechanism shall be deemed to have verified the attachment containing the application details of the UPI Bidding through UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Banks issue a request to block the Bid Amount specified in the Bid cum Application Form in his/her ASBA Account;

29. UPI Bidders bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first bidder (in case of joint account) in the Bid cum Application Form;

30. UPI Bidders using the UPI Mechanism who have revised their Bids subsequent to making the initial Bid should also approve the revised UPI Mandate Request generated by the Sponsor Banks to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner.

31. Bids by Eligible NRIs HUFs and any individuals, corporate bodies and family offices which are recategorized as Category II FPI and registered with SEBI for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Portion for allocation in the Offer; and

32. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned on the list available on the website of SEBI and updated from time to time and at such other websites as may be prescribed by SEBI from time to time is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid Lot;

2. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

3. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Investors and ₹ 500,000 for Bids by UPI Bidders and Eligible Employees Bidding in the Employee Reservation Portion (net of employee discount, if any);

4. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;

5. Do not Bid/revise the Bid amount to less than the floor price or higher than the cap price;

6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);

9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

10. Do not submit the Bid for an amount more than funds available in your ASBA Account;

11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

13. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

14. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;

15. Do not Bid for Equity Shares more than specified by the respective Stock Exchanges for each category;

16. In case of ASBA Bidders (other than UPI Bidders using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account;

17. If you are UPI Bidder and are using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;

18. Do not make the Bid cum Application Form using third party bank account or using third party linked bank account UPI ID;

19. Anchor Investors should not bid through the ASBA process;

20. Do not submit the Bid cum Application Form to any non-SCSB bank or our Company;

21. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not submit the GIR number instead of the PAN;

23. Anchor Investors should submit Anchor Investor Application Form only to the BRLMs;

24. Do not Bid on a Bid cum Application Form that does not have the stamp of a Designated Intermediary;

25. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid/Offer Closing Date;

26. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

27. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centres. If you are UPI Bidder and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;

28. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID details if you are a UPI Bidder Bidding through the UPI Mechanism. Further, do not provide details for a beneficiary account which is suspended or for which details cannot be verified to the Registrar to the Offer;

29. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;

30. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the

NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;

31. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a banks which is not mentioned in the list provided in the SEBI website is liable to be rejected;

32. Do not submit more than one Bid cum Application Form for each UPI ID in case of UPI Bidders Bidding using the UPI Mechanism;

33. Do not Bid if you are an OCB; and

34. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Member shall ensure that they do not upload any bids above ₹ 5,00,000.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

For helpline details of the BRLMs pursuant to the SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "***General Information – Book Running Lead Managers***" on page 79.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. See, "***General Information – Company Secretary and Compliance Officer***" on page 78.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar to the Offer, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in the SEBI ICDR Regulations.

Method of allotment as may be prescribed by Securities and Exchange Board of India from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Net Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIBs, Non-Institutional Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis. The Allotment of Equity Shares to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to the availability of shares in Retail Individual Bidder category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 0.20 million and up to ₹1.00 million, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder shall not be less than the Minimum NIB Application Size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares

Payment into Anchor Investor Escrow Account

Our Company in consultation with the BRLMs will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, real time gross settlement ("**RTGS**"), national automated clearing house ("**NACH**") or national electronic fund transfer ("**NEFT**") to the Escrow Account(s). For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Promoter Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated national daily newspaper, Punjabi being the regional language of Punjab, where our Registered Office is located).

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The information set out above is given for the benefit of the Bidders/applicants. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Allotment Advertisement

The Allotment Advertisement shall be uploaded on the websites of our Company, the BRLMs and the Registrar to the Offer, before 9:00 p.m. IST, on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the Equity Shares are proposed to be listed, provided such final listing and trading approval from all the Stock Exchanges is received prior to 9:00 p.m. IST on that day. In an event, if final listing and trading approval from all the Stock Exchanges is received post 9:00 p.m. IST on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the equity shares of the Issuer are proposed to be listed, then the Allotment Advertisement shall be uploaded on the websites of our Company, the BRLMs and the Registrar to the Offer, following the receipt of final listing and trading approval from all the Stock Exchanges.

Our Company, the BRLMs and the Registrar to the Offer shall publish an allotment advertisement not later than one Working Day after the commencement of trading, disclosing the date of commencement of trading in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab, where our Registered Office is located).

Signing of the Underwriting Agreement and Filing with the Registrar of Companies, Punjab and Chandigarh at Chandigarh

a) Our Company, the Promoter Selling Shareholder and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus.

b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which would then be termed as the Prospectus. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies

Act, 2013, which is reproduced below:

"*Any person who:*

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of our Company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

Undertaking by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within three Working Days from the Bid/ Offer Closing Date or such other time period as may be prescribed by under applicable law;
- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- no further issue of the Equity Shares shall be made from the date of this Draft Red Herring Prospectus till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, undersubscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders and that they will be considered similar to non-ASBA Applications while finalizing the Basis of Allotment.

Undertakings by the Promoter Selling Shareholder

The Promoter Selling Shareholder, specifically undertakes and/or confirms the following in respect to itself as a Promoter Selling Shareholder and its Offered Shares:

- that the Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations and are in dematerialised form;
- it is the legal and beneficial owner of its Offered Shares with valid and marketable title, and shall be transferred pursuant to the Offer, free and clear of any encumbrances;

- it shall transfer its Offered Shares in an escrow demat account in accordance with the Share Escrow Agreement;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer;
- its Offered Shares are fully paid; and
- it shall not have recourse to the proceeds from the Offer for Sale until receipt by our Company of the final listing and trading approvals from the Stock Exchanges in accordance with applicable law.

Utilisation of proceeds from the Offer

Our Board certifies that:

(i) all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act, 2013;

(ii) details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

(iii) details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The Government of India makes policy announcements on FDI through press notes and press releases. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The DPIIT (formerly Department of Industrial Policy & Promotion) issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (the "**FDI Policy**"), which consolidates and supersedes all previous press note, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020.

In terms of Press Note 3 of 2020, dated April 17, 2020 ("**Press Note**"), issued by the DPIIT, the FDI Policy and the FEMA Non-Debt Instruments Rules have been amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Bid/ Offer Period.

Transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Under the current FDI Policy, infusion of fresh foreign investment up to 49%, in a company not seeking industrial license or which already has government approval for FDI, will need to submit a declaration with the Ministry of Defence in cases of: (a) change in equity/shareholding pattern; or (b) transfer of stake by existing investor to new foreign investor, within a period of 30 days of such change. Any proposal for raising FDI beyond 49% from such companies shall require government approval.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see "***Offer Procedure – Bids by Eligible Non-resident Indians***" and "***Offer Procedure – Bids by Foreign Portfolio Investors***" on pages 418 and 419, respectively.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act.

See "***Offer Procedure***" on page 413.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

SMPP LIMITED[1]

(Incorporated under the Companies Act, 2013)

This set of Articles of Association has been approved pursuant to the provisions of Section 14 of the Companies Act, 2013 and by a special resolution passed at the Extraordinary General Meeting of the SMPP Limited (the **"Company")** held on August 23, 2024.[2]These Articles have been adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof. No material clause of the Articles of Association having a bearing on the Offer or the disclosures required in this Draft Red Herring Prospectus have been omitted.

PRELIMINARY

TABLE 'F' EXCLUDED

1. The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013, as amended from time to time, shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

2. The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to addition, alteration, substitution, modification, repeal and variation thereto by special resolution as prescribed or permitted by the Companies Act, 2013, as amended from time to time, be such as are contained in these Articles.

DEFINITIONS AND INTERPRETATION

3. In the interpretation of these Articles, the following words and expressions, unless repugnant to the subject or context, shall mean the following:

"***Act***" means the Companies Act, 2013, to the extent notified, as amended from time to time and the rules enacted and any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable;

"***Annual General Meeting***" means the annual general meeting of the Company convened and held in accordance with the Act;

Change in name of the Company from S M PULP Packaging Private Limited to SMPP Private Limited vide special resolution passed by the Members of the Company in their EGM held on January 17, 2012 and the company was converted as a public company vide special resolution passed by the Members of the Company in their EGM held on August 23, 2024.

[2] This set of Articles of Association has been approved by special resolution passed by the

Members of the Company in their EGM held on August 23, 2024.

"***Articles of Association***" **or** "***Articles***" mean these articles of association of the Company, as may be altered from time to time in accordance with the Act;

"***Board***" or "***Board of Directors***" means the board of directors of the Company in office at applicable times;

"***Company***" means SMPP Limited, a company incorporated under the laws of India;

"***Depository***" means a depository, as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

"***Director***" shall mean any director of the Company, including alternate directors, Independent Directors and nominee directors appointed in accordance with the provisions of these Articles;

"***Equity Shares***" or "***Shares***" shall mean the issued, subscribed and fully paid-up equity shares of the Company having a face value of such amount as prescribed under the Memorandum of Association;

"***Extraordinary General Meeting***" means an extraordinary general meeting of the Company convened and held in accordance with the Act;

"***General Meeting***" means any duly convened meeting of the shareholders of the Company and any adjournments thereof;

"***Member***" means the duly registered holder from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association and in case of shares held by a Depository, the beneficial owners whose names are recorded as such with the Depository;

"***Memorandum***" or "***Memorandum of Association***" means the memorandum of association of the Company, as may be altered from time to time;

"***Office***" means the registered office, for the time being, of the Company; "***Officer***" shall have the

meaning assigned thereto by the Act;

"***Ordinary Resolution***" shall have the meaning assigned thereto by the Act;

"***Register of Members***" means the register of members to be maintained pursuant to the provisions of the Act and the register of beneficial owners pursuant to Section 11 of the Depositories Act, 1996, in case of shares held in a Depository;

"***Special Resolution***" shall have the meaning assigned thereto by the Act;

"***Stock Exchange***" means National Stock Exchange of India Limited, BSE Limited or such other recognized stock exchange in India or outside of India; and

1. Except where the context requires otherwise, these Articles will be interpreted as follows:

   (a) headings are for convenience only and shall not affect the construction or interpretation of any provision of these Articles.

   (b) where a word or phrase is defined, other parts of speech and grammatical forms and the cognate variations of that word or phrase shall have corresponding meanings;

(c) words importing the singular shall include the plural and vice versa;

(d) all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders;

(e) the expressions "hereof", "herein" and similar expressions shall be construed as references to these Articles as a whole and not limited to the particular Article in which the relevant expression appears;

(f) the *ejusdem generis* (of the same kind) rule will not apply to the interpretation of these Articles. Accordingly, ***include*** and ***including*** will be read without limitation;

(g) any reference to a ***person*** includes any individual, firm, corporation, partnership, company, trust, association, joint venture, government (or agency or political subdivision thereof) or other entity of any kind, whether or not having separate legal personality. A reference to any person in these Articles shall, where the context permits, include such person's executors, administrators, heirs, legal representatives and permitted successors and assigns;

(h) a reference to any document (including these Articles) is to that document as amended, consolidated, supplemented, novated or replaced from time to time;

(i) references made to any provision of the Act or the Rules shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the Ministry of Corporate Affairs, Government of India.

(j) the applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Companies Act, 2013 have been notified.

(k) a reference to a statute or statutory provision includes, to the extent applicable at any relevant time:

   (i) that statute or statutory provision as from time to time consolidated, modified, re-enacted or replaced by any other statute or statutory provision; and

   (ii) any subordinate legislation or regulation made under the relevant statute or statutory provision;

(l) references to writing include any mode of reproducing words in a legible and non-transitory form;

(m) references to ***Rupees, Rs., Re., INR, ₹*** are references to the lawful currency of India; and

(n) save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context bear the same meaning in these Articles.

SHARE CAPITAL AND VARIATION OF RIGHTS

4. AUTHORISED SHARE CAPITAL

The authorised share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as may from time to time be provided in Clause V of the Memorandum of Association, each Share with rights, privileges and conditions attached thereto as are provided by these Articles for the time being, and with power to increase or reduce such capital from time to time and power to divide, sub-divide, cancel and reduce share capital into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these Articles, subject to the provisions of applicable law for the time being in force.

5. NEW CAPITAL PART OF THE EXISTING CAPITAL

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

6. KINDS OF SHARE CAPITAL

The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:

(a) Equity share capital:

 (i) with voting rights; and/or

 (ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and

(b) Preference share capital.

7. SHARES AT THE DISPOSAL OF THE BOARD OF DIRECTORS

Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of all or any of such shares to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and, with the sanction of the Company in General Meeting, give to any person the option or right to call for any shares either at par or premium during such time and for such consideration as the Board of Directors think fit.

8. CONSIDERATION FOR ALLOTMENT

The Board of Directors may issue and allot shares of the Company as payment in full or in part, for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed as fully paid up shares.

9. SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARE CERTIFICATE

Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:

(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

(b) divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;

(c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(d) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act;

(e) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; and

(f) The cancellation of shares under point (c) above shall not be deemed to be a reduction of the authorised share capital.

10. FURTHER ISSUE OF SHARES

(1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the provisions of section 62 of the Act, and the rules made thereunder:

(A) to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions mentioned in (i) to (iii) below;

(i) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen (15) days (or such lesser number of days as may be prescribed under the Act or the rules made thereunder, or other applicable law) and not exceeding thirty (30) days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined.

Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three (3) days before the opening of the issue;

(ii) subject to the provisions of these Articles, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) herein above shall contain a statement of this right;

(iii) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Members and the Company;

(B) to employees under any scheme of employees' stock option subject to Special Resolution passed by the shareholders of the Company and subject to the rules and such other conditions, as may be prescribed under applicable law; or

(B) to any person(s), if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, at such price as may be determined in compliance with the Act and the rules made thereunder and in accordance with applicable law;

(C) The notice referred above shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue.

(2) Nothing in sub-clause (ii) of clause (1)(A) shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.

(3) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares of the Company. Provided that the terms of issue of such debentures or loans containing such an option have been approved before the issue of such debentures or the raising of such loans by a Special Resolution passed by the shareholders of the Company in a General Meeting.

(4) Notwithstanding anything contained in Article 11(3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder.

11. RIGHT TO CONVERT LOANS INTO CAPITAL

Notwithstanding anything contained in sub-clauses(s) of Article 11 above, but subject, however, to the provisions of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

12. ISSUE OF FURTHER SHARES NOT TO AFFECT RIGHTS OF EXISTING MEMBERS

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

13. ALLOTMENT ON APPLICATION TO BE ACCEPTANCE OF SHARES

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members, shall, for the purpose of these Articles, be a Member.

14. RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT

The Board shall observe the restrictions as regards allotment of shares to the public contained in the Act and other applicable law, and as regards return on allotments, the Directors shall comply with applicable provisions of the Act.

15. MONEY DUE ON SHARES TO BE A DEBT TO THE COMPANY

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

16. INSTALLMENTS ON SHARES

If, by the conditions of allotment of any shares, whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

17. MEMBERS OR HEIRS TO PAY UNPAID AMOUNTS

Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with these Articles require or fix for the payment thereof.

18. VARIATION OF SHAREHOLDERS' RIGHTS

(a) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to the shares of any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to provisions of the Act and whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class, as prescribed by the Act.

(b) Subject to the provisions of the Act, to every such separate meeting, the provisions of these Articles relating to meeting shall *mutatis mutandis* apply.

19. PREFERENCE SHARES

(a) Redeemable Preference Shares

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference shares liable to be redeemed in any manner permissible under the Act, and the Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) Convertible Redeemable Preference Shares

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such shares into such securities on such terms as they may deem fit.

20. PAYMENTS OF INTEREST OUT OF CAPITAL

The Company shall have the power to pay interest out of its capital on so much of the shares which have been issued for the purpose of raising money to defray the expenses of the construction of any work or building for the Company in accordance with the Act and other applicable law.

21. AMALGAMATION

Subject to provisions of these Articles, the Company may amalgamate or cause itself to be amalgamated with any other person, firm or body corporate subject to the provisions of the Act and other applicable law.

SHARE CERTIFICATES

22. ISSUE OF CERTIFICATE

Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates, unless prohibited by any provision of law or any order of court, tribunal or other authority having jurisdiction, within two (2) months from the date of allotment, or within one (1) month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—

(a) one certificate for all his/her Shares without payment of any charges; or

(b) several certificates, each for one or more of his/her Shares, upon payment of twenty (20) rupees for each certificate after the first.

Post the receipt of application of registration of transfer, transmission, sub division, consolidation or renewal of any of its shares as the case maybe or within such other period as any other legislation for time being in force may provide or within a period of six (6) months from the date of allotment in the case of any allotment of debenture or within such other period as any other legislation for time being in force may provide. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one (1) certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such joint holders.

Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two (2) directors or by a director and the company secretary, wherever the company has appointed a company secretary and the common seal, if any, shall be affixed in the presence of the persons required to sign the certificate.

23. RULES TO ISSUE SHARE CERTIFICATES

The Act shall be complied with in respect of the issue, reissue, renewal of share certificates and the format and signing of the certificates and records of the certificates issued shall be maintained in accordance with the Act.

24. ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

(a) When a new share certificate has been issued in pursuance of sub clause (a) of this Article 25, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of Share Certificate No. []". The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

(b) Where a new share certificate has been issued in pursuance of this Article 25, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate

Certificate indicating against the names of the persons to whom the certificate is issued the number and date of issue of the share certificate in lieu of which the new share certificate is issued, and the necessary, changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.

(c) All blank forms to be issued for share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank form shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose, and the Secretary or other persons aforesaid shall be responsible for rendering an account of these forms to the Board.

(d) Managing Director of the Company, and if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation, and the safe custody of all books and documents, relating to the issue of share certificates except the blank forms of share certificates referred to in sub clause (d) of this Article 25.

(e) All the books and documents referred to in this Article 25 shall be preserved in good order permanently.

No fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

The provision of this Article shall *mutatis mutandis* apply to debentures of the Company.

UNDERWRITING & BROKERAGE

25. COMMISSION FOR PLACING SHARES, DEBENTURES, ETC.

(a) Subject to the provisions of the Act and other applicable laws, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) to any shares or debentures of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares or debentures of the Company and provisions of the Act shall apply.

(b) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Act.

(c) The Company may also, in any issue, pay such brokerage as may be lawful.

(d) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid-up shares or partly in the one way and partly in the other.

LIEN

26. COMPANY'S LIEN ON SHARES / DEBENTURES

The Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid-up share / debenture) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this Article will have full effect. Unless otherwise agreed, the registration of transfer of shares / debentures shall operate as a waiver of the Company's lien, if any, on such shares / debentures.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

The fully paid-up shares shall be free from all lien and in the case of partly paid-up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

27. LIEN TO EXTEND TO DIVIDENDS, ETC.

The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares / debentures.

28. ENFORCING LIEN BY SALE

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen (14) days' after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

No Member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

29. VALIDITY OF SALE

To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.

30. VALIDITY OF COMPANY'S RECEIPT

The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case maybe) constitute a good title to the share and the purchaser shall be registered as the holder of the share.

31. APPLICATION OF SALE PROCEEDS

The proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

32. OUTSIDER'S LIEN NOT TO AFFECT COMPANY'S LIEN

In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by law) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.

33. PROVISIONS AS TO LIEN TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

CALLS ON SHARES

34. BOARD TO HAVE RIGHT TO MAKE CALLS ON SHARES

The Board may subject to the provisions of the Act and any other applicable law, from time to time, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one (1) month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the Board. The power to call on shares shall not be delegated to any other person except with the approval of the shareholders in a General Meeting and as maybe permitted by law.

35. NOTICE FOR CALL

Each Member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call, in respect of one (1) or more Members, as the Board may deem appropriate in any circumstances.

36. CALL WHEN MADE

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board and may be required to be paid in installments.

37. LIABILITY OF JOINT HOLDERS FOR A CALL

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

38. CALLS TO CARRY INTEREST

If a Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. The Board shall be at liberty to waive payment of any such interest wholly or in part.

39. DUES DEEMED TO BE CALLS

Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

40. EFFECT OF NON-PAYMENT OF SUMS

In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

41. PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

The Board –

(a) may, subject to provisions of the Act, if it thinks fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him beyond the sums actually called for;

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be agreed upon between the Board and the Member paying the sum in advance. Nothing contained in this Article shall confer on the Member (i) any right to participate in profits or dividends; or (ii) any voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable by him. The Board may at any time repay the amount so advanced.

42. PROVISIONS AS TO CALLS TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to calls shall *mutatis mutandis* apply to any other securities, including debentures, of the Company, to the extent applicable.

FORFEITURE OF SHARES

43. BOARD TO HAVE A RIGHT TO FORFEIT SHARES

If a Member fails to pay any call, or installment of a call or any money due in respect of any share on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

44. NOTICE FOR FORFEITURE OF SHARES

The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

45. RECEIPT OF PART AMOUNT OR GRANT OF INDULGENCE NOT TO AFFECT FORFEITURE

Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by applicable law.

46. FORFEITED SHARE TO BE THE PROPERTY OF THE COMPANY

Any share forfeited in accordance with these Articles, shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board thinks fit.

47. ENTRY OF FORFEITURE IN REGISTER OF MEMBERS

When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

48. MEMBER TO BE LIABLE EVEN AFTER FORFEITURE

A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares. All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realization. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

49. EFFECT OF FORFEITURE

The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

50. CERTIFICATE OF FORFEITURE

A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

51. TITLE OF PURCHASER AND TRANSFEREE OF FORFEITED SHARES

The Company may receive the consideration, if any, given for the share on any sale, re- allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. The transferee shall thereupon be registered as the holder of the share and the transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

52. VALIDITY OF SALES

Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser’s name to be entered in the Register of Members in respect of the shares sold and after his name has been entered in the Register of Members in respect of such shares the validity of the sale shall not be impeached by any person.

53. CANCELLATION OF SHARE CERTIFICATE IN RESPECT OF FORFEITED SHARES

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.

54. BOARD ENTITLED TO CANCEL FORFEITURE

The Board may at any time before any share so forfeited shall have them sold, reallotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit.

55. SURRENDER OF SHARE CERTIFICATES

The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering them on such terms as they think fit.

56. SUMS DEEMED TO BE CALLS

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

57. PROVISIONS AS TO FORFEITURE OF SHARES TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to forfeiture of shares shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

TRANSFER AND TRANSMISSION OF SHARES

58. REGISTER OF TRANSFERS

The Company shall keep the "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares. The Company shall also use a common form of transfer.

Notwithstanding anything contained in the Act or these Articles, where the shares or other securities are held by a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode.

59. ENDORSEMENT OF TRANSFER

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at its discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

60. INSTRUMENT OF TRANSFER

(a) The instrument of transfer of any share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The

Company shall use the form of transfer, as prescribed under the Act, in all cases.

In case of transfer of shares, where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.

(b) The Board may decline to recognize any instrument of transfer unless-

(i) the instrument of transfer is in the form prescribed under the Act;

(ii) the instrument of transfer is accompanied by the certificate of shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(iii) the instrument of transfer is in respect of only one class of shares.

(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

61. EXECUTION OF TRANSFER INSTRUMENT

Every such instrument of transfer shall be executed, by or on behalf of both the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register of Members in respect thereof.

62. CLOSING REGISTER OF TRANSFERS AND OF MEMBERS

Subject to compliance with the Act and other applicable law, the Board shall be empowered, on giving not less than seven (7) days' notice or such period as may be prescribed, to close the transfer books, Register of Members, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty (30) days at a time and not exceeding an aggregate forty five (45) days in each year as it may seem expedient.

63. DIRECTORS MAY REFUSE TO REGISTER TRANSFER

Subject to the provisions of these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may (at its own absolute and uncontrolled discretion) decline or refuse by giving reasons, whether in pursuance of any power of the Company under these Articles or otherwise, to register or acknowledge any transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in the Company, after providing sufficient cause, within a period of thirty (30) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

64. TRANSFER OF PARTLY PAID SHARES

Where in the case of partly paid-up shares, an application for registration is made by the transferor alone, the transfer shall not be registered, unless the Company gives the notice of the application to the transferee in accordance with the provisions of the Act and the transferee gives no objection to the transfer within the time period prescribed under the Act.

65. TITLE TO SHARES OF DECEASED MEMBERS

The executors or administrators or the holders of a succession certificate issued in respect of the shares of a deceased Member and not being one of several joint holders shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such Members and in case of the death of one or more of the joint holders of any registered share, the survivor or survivors shall be entitled to the title or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Provided nevertheless that in case the Directors, in their absolute discretion think fit, it shall be lawful for the Directors to dispense with the production of a probate or letters of administration or a succession certificate or such other legal representation upon such terms (if any) (as to indemnify or otherwise) as the Directors may consider necessary or desirable.

66. TRANSFERS NOT PERMITTED

No share shall in any circumstances be transferred to any infant, insolvent or a person of unsound mind, except fully paid-up shares through a legal guardian.

67. TRANSMISSION OF SHARES

Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares. Further, all limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

68. RIGHTS ON TRANSMISSION

A person becoming entitled to a share by reason of the death or insolvency of the holder shall, subject to the Directors' right to retain such dividends or money, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give a notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety (90) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of such share, until the requirements of notice have been complied with.

69. SHARE CERTIFICATES TO BE SURRENDERED

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in the Act) properly stamped and executed instrument of transfer.

70. COMPANY NOT LIABLE TO NOTICE OF EQUITABLE RIGHTS

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

71. TRANSFER AND TRANSMISSION OF DEBENTURES

The provisions of these Articles, shall, *mutatis mutandis*, apply to the transfer of or the transmission by law of the right to any securities including, debentures of the Company.

ALTERATION OF CAPITAL

72. RIGHTS TO ISSUE SHARE WARRANTS

The Company may issue share warrants subject to, and in accordance with provisions of the Act. The Board may, in its discretion, with respect to any share which is fully paid-up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

73. BOARD TO MAKE RULES

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

74. SHARES MAY BE CONVERTED INTO STOCK

Where shares are converted into stock:

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;

(c) such of the Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder”/“Member” shall include “stock” and “stock-holder” respectively.

75. REDUCTION OF CAPITAL

The Company may, by a Special Resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act—

(a) its share capital; and/or

(b) any capital redemption reserve account; and/or

(c) any share premium account

and, in particular, without prejudice to the generality of the foregoing power may by: (i) extinguishing or reducing the liability on any of its shares in respect of share capital not

paid-up; (ii) either with or without extinguishing or reducing liability on any of its shares,(a) cancel paid-up share capital which is lost or is unrepresented by available assets; or (b) pay off any paid-up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

76. DEMATERIALISATION OF SECURITIES

(a) The Company shall recognise interest in dematerialised securities under the Depositories Act, 1996.

Subject to the provisions of the Act, either the Company or the investor may exercise an option to issue (in case of the Company only), deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable law.

(b) Dematerialisation/Re-materialisation of securities

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, re materialise its securities held in Depositories and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

(c) Option to receive security certificate or hold securities with the Depository

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the beneficial owner of that Security.

(d) Securities in electronic form

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository.

(e) Beneficial owner deemed as absolute owner

Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such securities or (except only as by these Articles otherwise expressly provided) any right in respect of a security other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any security in the joint names of any two or more persons or the survivor or survivors of them.

(f) Register and index of beneficial owners

The Company shall cause to be kept a register and index of members with details of securities held in materialised and dematerialised forms in any media as may be permitted by law including any form of electronic media in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in physical and dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India, a branch register of beneficial owners residing outside India.

77. BUY BACK OF SHARES

Notwithstanding anything contained in these Articles, but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

GENERAL MEETINGS

78. ANNUAL GENERAL MEETINGS

(a) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year.

(b) An Annual General Meeting of the Company shall be held in accordance with the provisions of the Act and other applicable law.

79. EXTRAORDINARY GENERAL MEETINGS

All General Meetings other than the Annual General Meeting shall be called "Extraordinary General Meeting". Provided that, the Board may, whenever it thinks fit, call an Extraordinary General Meeting.

80. EXTRAORDINARY MEETINGS ON REQUISITION

The Board shall, on the requisition of Members, convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under the Act.

81. NOTICE FOR GENERAL MEETINGS

All General Meetings shall be convened by giving not less than clear twenty one (21) days' notice, in such manner as is prescribed under the Act, specifying the place, date and hour of the meeting and a statement of the business proposed to be transacted at such a meeting, in the manner mentioned in the Act. Notice shall be given to all the Members and to such persons as are under the Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any Member or other person to whom it should be given shall not invalidate the proceedings of any General Meetings.

The Members may participate in General Meetings through such modes as permitted by applicable laws.

82. SHORTER NOTICE ADMISSIBLE

Upon compliance with the relevant provisions of the Act, an Annual General Meeting or any General Meeting may be convened by giving a shorter notice than twenty one (21) days.

83. CIRCULATION OF MEMBERS' RESOLUTION

The Company shall comply with provisions of Section 111 of the Act, as to giving notice of resolutions and circulating statements on the requisition of Members.

84. SPECIAL AND ORDINARY BUSINESS

(a) Subject to the provisions of the Act, all business shall be deemed special that is transacted at the Annual General Meeting with the exception of declaration of any dividend, the consideration of financial statements and reports of the Directors and auditors, the appointment of Directors in place of those retiring and the appointment of and fixing of the remuneration of the auditors. In case of any other meeting, all business shall be deemed to be special.

(b) In case of special business as aforesaid, an explanatory statement as required under the applicable provisions of the Act shall be annexed to the notice of the meeting.

85. QUORUM FOR GENERAL MEETING

Five (5) Members or such other number of Members as required under the Act or the applicable law for the time being in force prescribes, personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

86. TIME FOR QUORUM AND ADJOURNMENT

Subject to the provisions of the Act, if within half an hour from the time appointed for a meeting, a quorum is not present, the meeting, if called upon at the requisition of Members, shall be cancelled and in any other case, it shall stand adjourned to the same day in the next week (not being a national holiday) at the same time and place or to such other day and at such other time and place as the Directors may determine. If at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be quorum and may transact the business for which the meeting was called.

87. CHAIRMAN OF GENERAL MEETING

The Chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company.

88. ELECTION OF CHAIRMAN

Subject to the provisions of the Act, if there is no such chairman or if at any meeting he is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall elect another Director as chairman and if no Director be present or if all the Directors decline to take the chair, then the Members present shall choose a Member to be the chairman.

89. ADJOURNMENT OF MEETING

Subject to the provisions of the Act, the chairman of a General Meeting may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as nearly to the original meeting, as may be possible. Save as aforesaid and as provided in the Act, it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

Any member who has not appointed a proxy to attend and vote on his behalf at a general meeting may appoint a proxy for any adjourned general meeting, not later than forty-eight hours before the time of such adjourned Meeting.

90. VOTING AT MEETING

At any General Meeting, a demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand. Further, no objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision shall be final and conclusive.

91. DECISION BY POLL

If a poll is duly demanded in accordance with the provisions of the Act, it shall be taken in such manner as the chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

92. CASTING VOTE OF CHAIRMAN

In case of equal votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled to as a Member.

93. PASSING RESOLUTIONS BY POSTAL BALLOT

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Act, to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under the Act.

(c) If a resolution is assented to by the requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a General Meeting convened in that behalf.

VOTE OF MEMBERS

94. VOTING RIGHTS OF MEMBERS

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

(a) On a show of hands every Member holding Equity Shares and present in person shall have one vote.

(b) On a poll, every Member holding Equity Shares shall have voting rights in proportion to his share in the paid-up equity share capital.

(c) A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

95. VOTING BY JOINT-HOLDERS

In case of joint holders, the vote of first named of such joint holders in the Register of Members who tender a vote whether in person or by proxy shall be accepted, to the exclusion of the votes of other joint holders.

96. VOTING BY MEMBER OF UNSOUND MIND

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or legal guardian may, on a poll, vote by proxy.

97. NO RIGHT TO VOTE UNLESS CALLS ARE PAID

No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by such Member have been paid, or in regard to which the Company has lien and has exercised any right of lien.

98. PROXY

Subject to the provisions of the Act and these Articles, any Member entitled to attend and vote at a General Meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.

99. INSTRUMENT OF PROXY

An instrument appointing a proxy shall be in the form as prescribed under the Act for this purpose. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a body corporate under the hand of its officer or attorney duly authorized in writing by it. Any person whether or not he is a Member of the Company may be appointed as a proxy.

The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority must be deposited at the Office of the Company not less than forty eight (48) hours prior to the time fixed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

100. VALIDITY OF PROXY

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

101. CORPORATE MEMBERS

Any corporation which is a Member of the Company may, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Member of the Company (including the right to vote by proxy).

DIRECTOR

102. NUMBER OF DIRECTORS

Unless otherwise determined by General Meeting, the number of Directors shall not be less than three

(3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year.

Provided that the Company may appoint more than fifteen (15) directors after passing a Special Resolution.

The following are the first Directors of the Company:

1. Shiv Chand Kansal
2. Madhu Kansal

103. SHARE QUALIFICATION NOT NECESSARY

Any person whether a Member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

104. ADDITIONAL DIRECTORS

Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles. Any such additional director shall hold office only up to the date of the upcoming Annual General Meeting.

105. ALTERNATE DIRECTORS

(a) The Board may, appoint a person, not being a person holding any alternate directorship for any other director in the Company, to act as an alternate director for a director during his absence for a period of not less than 3 (three) months from India (hereinafter in this Article called the "**Original Director**").

(b) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he returns to India, the automatic re- appointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

106. APPOINTMENT OF DIRECTOR TO FILL A CASUAL VACANCY

If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next general meeting. The director so appointed shall hold office only up to the date which the director in whose place he is appointed would have held office if it had not been vacated.

107. REMUNERATION OF DIRECTORS

(a) A Director (other than a managing Director or whole-time Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any committee thereof attended by him. The remuneration of Directors including managing Director and/or whole-time Director may be paid in accordance with the applicable provisions of the Act.

(b) The Board of Directors may allow and pay or reimburse any Director who is not a bona fide resident of the place where a meeting of the Board or of any committee is held and who shall come to such place for the purpose of attending such meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, and out-of-pocket expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company.

(c) The managing Directors/ whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

108. REMUNERATION FOR EXTRA SERVICES

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by Director as a Member of any committee formed by the Directors) in going or residing away from the town in which the Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act, the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled.

109. CONTINUING DIRECTOR MAY ACT

The continuing Directors may act notwithstanding any vacancy in the Board, but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a General Meeting of the Company, but for no other purpose.

110. VACATION OF OFFICE OF DIRECTOR

The office of a Director shall be deemed to have been vacated under the circumstances enumerated under Act.

ROTATION AND RETIREMENT OF DIRECTOR

111. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

At the Annual General Meeting of the Company to be held every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election.

112. RETIRING DIRECTORS ELIGIBLE FOR RE-ELECTION

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

113. WHICH DIRECTOR TO RETIRE

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

114. POWER TO REMOVE DIRECTOR BY ORDINARY RESOLUTION

Subject to the provisions of the Act, the Company may by an Ordinary Resolution in General Meeting, remove any Director before the expiration of his period of office and may, by an Ordinary Resolution, appoint another person instead.

Provided that an independent director re-appointed for second term under the provisions of the Act shall be removed by the company only by passing a Special Resolution and after giving him a reasonable opportunity of being heard.

115. DIRECTORS NOT LIABLE FOR RETIREMENT

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

116. DIRECTOR FOR COMPANIES PROMOTED BY THE COMPANY

Directors of the Company may be or become a director of any company promoted by the Company or in which it may be interested as vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company subject to compliance with applicable provisions of the Act.

PROCEEDINGS OF BOARD OF DIRECTORS

117. MEETINGS OF THE BOARD

(a) The Board of Directors shall meet at least once in every quarter with a maximum gap of four (4) months between two (2) meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four (4) such meetings shall be held in every year. Place of meetings of the Board shall be at a location determined by the Board at its previous meeting, or if no such determination is made, then as determined by the chairman of the Board.

(b) The chairman may, at any time, and the secretary or such other Officer of the Company as may be authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice of at least seven (7) days in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad, provided always that a meeting may be convened by a shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting and in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any.

(c) The notice of each meeting of the Board shall include (i) the time for the proposed meeting; (ii) the venue for the proposed meeting; and (iii) an agenda setting out the business proposed to be transacted at the meeting.

(d) To the extent permissible by applicable law, the Directors may participate in a meeting of the Board or any committee thereof, through electronic mode, that is, by way of video conferencing i.e., audio visual electronic communication facility. The notice of the meeting must inform the Directors regarding the availability of participation through video conferencing. Any Director participating in a meeting through the use of video conferencing shall be counted for the purpose of quorum.

118. QUESTIONS AT BOARD MEETING HOW DECIDED

Questions arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, in his absence the Vice Chairman or the Director presiding shall have a second or casting vote.

119. QUORUM

Subject to the provisions of the Act and other applicable law, the quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.

At any time, the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time. The term 'interested director' means any Director whose presence cannot, by reason of applicable provisions of the Act be counted for the purpose of forming a quorum at meeting of the Board, at the time of the discussion or vote on the concerned matter or resolution.

120. ADJOURNED MEETING

Subject to the provisions of the Act, if within half an hour from the time appointed for a meeting of the Board, a quorum is not present, the meeting, shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.

121. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

122. POWERS OF DIRECTORS

(a) The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act or any other applicable law, or by the Memorandum or by the Articles required to be exercised by the Company in a General Meeting, subject nevertheless to these Articles, to the provisions of the Act or any other applicable law and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in a General Meeting; but no regulation made by the Company in a General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

(b) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case maybe, by such person and in such manner as the Board shall from time to time by resolution determine.

123. DELEGATION OF POWERS

(a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.

(b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

124. ELECTION OF CHAIRMAN OF COMMITTEE

(a) A committee may elect a chairman of its meeting. If no such chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be the chairman of the committee meeting.

(b) The quorum of a committee may be fixed by the Board of Directors.

125. QUESTIONS HOW DETERMINED

(a) A committee may meet and adjourn as it thinks proper.

(b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present as the case may be and in case of equality of vote, the chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

126. VALIDITY OF ACTS DONE BY BOARD OR A COMMITTEE

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

127. RESOLUTION BY CIRCULATION

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the committee, as the case may be and to all other Directors or Members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or committee duly convened and held.

128. MAINTENANCE OF FOREIGN REGISTER

The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those Sections) make and vary such regulations as it may think fit respecting the keeping of any register.

129. BORROWING POWERS

(a) Subject to the provisions of the Act and these Articles, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, debentures, perpetual or otherwise, including debentures convertible into shares of this Company or any other company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities; provided however, that the moneys to be borrowed, together with the money already borrowed by the Company apart from temporary loans (as defined under Section 180(1) of the Act) obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company by a Special Resolution at a General Meeting, exceed the aggregate of the paid-up share capital of the Company, its free reserves and securities premium. Provided that every Special Resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

(b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.

(c) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

(d) Any bonds, debentures, debenture-stock or other securities may if permissible under applicable law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, attending (but not voting) in the General Meeting, appointment of Directors or otherwise. Provided that debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

130. NOMINEE DIRECTORS

(a) Subject to the provisions of the Act, so long as any moneys remain owing by the Company to Financial Institutions regulated by the Reserve Bank of India, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non-Banking Financial Company regulated by the Reserve Bank of India or any such company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such institution/ corporation/ company (hereinafter referred to as the "**Corporation**") so provides, the Corporation may, in pursuance of the provisions of any law for the time being in force or of any agreement, have a right to appoint from time to time any person or persons as a Director or Directors whole-time or non whole-time (which Director or Director/s is/are hereinafter referred to as "**Nominee Directors/s**") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

(b) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings and of the meetings of the committee of which Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(c) The Company may pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s may accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

(d) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

131. REGISTER OF CHARGES

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

132. MANAGING DIRECTOR(S) AND/OR WHOLE-TIME DIRECTORS

(a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the managing director and/ or whole-time directors for such term and subject to such remuneration, terms and conditions as they may think fit.

(b) The Directors may from time to time resolve that there shall be either one or more managing directors and/ or whole-time directors.

(c) In the event of any vacancy arising in the office of a managing director and/or whole-time director, the vacancy shall be filled by the Board of Directors subject to the approval of the Members, as required under applicable law.

(d) If a managing director and/or whole-time director ceases to hold office as Director, he shall ipso facto and immediately cease to be managing director/whole time director.

(e) The managing director and/or whole-time director shall not be liable to retirement by rotation as long as he holds office as managing director or whole-time director.

133. POWERS AND DUTIES OF MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR

The managing director/whole time director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these Articles by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board’s direction.

134. REIMBURSEMENT OF EXPENSES

The managing Director/whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

135. CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Subject to the provisions of the Act —

(a) A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board.

(b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer. Further, an individual may be appointed or reappointed as the chairperson of the Company as well as the managing Director or chief executive officer of the Company at the same time.

(c) A provision of the Act or the Articles requiring or authorising a thing to be done by or to a Director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

DIVIDEND

136. COMPANY IN GENERAL MEETING MAY DECLARE DIVIDENDS

The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

137. INTERIM DIVIDENDS

Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit and as appear to it to be justified by the profits of the company.

138. RIGHT TO DIVIDEND AND UNPAID OR UNCLAIMED DIVIDEND

(a) Where capital is paid in advance of calls on shares, such capital, whilst carrying interest, shall not confer a right to dividend or to participate in the profits.

(b) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank.

(c) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the Act subject to the provisions of the Act and the rules.

(d) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

(e) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend.

139. DIVISION OF PROFITS

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

140. DIVIDENDS TO BE APPORTIONED

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

141. RESERVE FUNDS

(a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.

(b) The Board may also carry forward any profits when it may consider necessary not to divide, without setting them aside as a reserve.

142. DEDUCTION OF ARREARS

Subject to the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares of or otherwise howsoever whether alone or jointly with any other person or persons and the Board may deduct from any dividend payable to any Members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

143. RETENTION OF DIVIDENDS

The Board may retain dividends payable upon shares in respect of which any person is, under Articles 60 to 73 hereinbefore contained, entitled to become a Member, until such person shall become a Member in respect of such shares.

144. RECEIPT OF JOINT HOLDER

Any one of two or more joint holders of a share may give effective receipt for any dividends, bonuses or other moneys payable in respect of such shares.

145. DIVIDEND HOW REMITTED

Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

146. DIVIDENDS NOT TO BEAR INTEREST

No dividends shall bear interest against the Company.

147. TRANSFER OF SHARES AND DIVIDENDS

Subject to the provisions of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

CAPITALISATION OF PROFITS

148. CAPITALISATION OF PROFITS

(a) The Company in General Meeting, may, on recommendation of the Board resolve:

(i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) that such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (c) below, either in or towards:

(i) paying up any amounts for the time being unpaid on shares held by such Members respectively;

(ii) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportions aforesaid; or

(iii) partly in the way specified in sub-clause (i) and partly that specified in sub- clause (ii).

(iv) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Act in the paying up of unissued shares to be issued to Members of the Company as fully paid-up bonus shares.

(v) The Board shall give effect to the resolution passed by the Company in pursuance of these Articles.

149. POWER OF DIRECTORS FOR DECLARATION OF BONUS ISSUE

(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid-up shares or other securities, if any; and

(ii) generally, do all acts and things required to give effect thereto.

(b) The Board shall have full power:

(i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fractions; and

(ii) to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalization or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amount or any parts of the amounts remaining unpaid on their existing shares.

(c) Any agreement made under such authority shall be effective and binding on such Members.

ACCOUNTS

150. WHERE BOOKS OF ACCOUNTS TO BE KEPT

The Books of Account shall be kept at the Office or at such other place in India as the Directors think fit in accordance with the applicable provisions of the Act.

151. INSPECTION BY DIRECTORS

The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act.

152. INSPECTION BY MEMBERS

No Member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

SERVICE OF DOCUMENTS AND NOTICE

153. MEMBERS TO NOTIFY ADDRESS IN INDIA

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

154. SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

If a Member has no registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

155. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF MEMBERS

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

156. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

(a) To the Members of the Company as provided by these Articles.

(b) To the persons entitled to a share in consequence of the death or insolvency of a Member.

(c) To the Directors of the Company.

(d) To the auditors for the time being of the Company; in the manner authorized by as in the case of any Member or Members of the Company.

157. NOTICE BY ADVERTISEMENT

Subject to the provisions of the Act, any document required to be served or sent by the Company on or to the Members, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the district in which the Office is situated.

158. MEMBERS BOUND BY DOCUMENT GIVEN TO PREVIOUS HOLDERS

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares, shall be bound by every document in respect of such share which, previously to his name and address being entered in the Register of Members, shall have been duly served on or sent to the person from whom he derived his title to such share.

Any notice to be given by the Company shall be signed by the managing Director or by such Director or company secretary (if any) or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

WINDING UP

159. Subject to the applicable provisions of the Act–

(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

(d) Any person who is or has been a Director or manager, whose liability is unlimited under the Act, shall, in addition to his liability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of winding up, a member of an unlimited company, in accordance with the provisions of the Act.

160. APPLICATION OF ASSETS

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the Members according to their rights and interests in the Company.

INDEMNITY

161. DIRECTOR'S AND OTHERS' RIGHT TO INDEMNITY

Subject to the provisions of the Act and other applicable law, every Director and Officer of the Company shall be indemnified by the Company against any liability incurred by him in his capacity as Director or Officer of the Company including in relation to defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal. Provided, however, that such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, wilful misconduct or bad faith acts or omissions of such Director or officer of the Company.

162. INSURANCE

The Company shall obtain and at all times maintain, a valid Directors' and officers' liability insurance for all the Directors and the observer for such amount and on such terms as shall be approved by the Board. Subject to the Law, the Company shall indemnify and hold harmless the Directors and the observer from and against any act, omission or conduct (including, without limitation, contravention of any Law) of or by the Company or on its behalf, as a result of which, in whole or in part, the Directors are made a party to, or otherwise incurs any Loss.

SECRECY CLAUSE

163. SECRECY

No Member or other person (not being a Director) shall be entitled to inspect the Company's works without the permission of the managing director/Directors or to require discovery of any information respectively and detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process, or of any matter whatsoever, which may be related to the conduct of the business of the Company and which in the opinion of the managing director/Directors will be inexpedient in the interest of the Members of the Company to communicate to the public.

GENERAL POWER

164. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

At any point of time from the date of adoption of these Articles of Association, if the Articles of Association are or become contrary to the provisions of the Act or any other applicable laws, the provisions of such applicable laws shall prevail over the Articles of Association to such extent and the Company shall discharge all of its obligations as prescribed under the applicable laws, from time to time. Upon listing of the Shares on a recognized stock exchange, if the Articles of Association are or become contrary to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**"), the provisions of the SEBI Listing Regulations shall prevail over the Articles of Association to such extent and the Company shall discharge all of its obligations as prescribed under the SEBI Listing Regulations.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and subsisting contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus and Prospectus filed with the RoC (except for such contracts and documents executed after the filing of the Red Herring Prospectus). Copies of the contracts and documents for inspection referred to hereunder, may be inspected at our Registered Office and Corporate Office, from 10.00 a.m. to 5.00 p.m. on all Working Days and will also be available on the website of our Company at https://smgroupindia.com/investors/material-contracts/ from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, except for such contracts and documents that will be entered into or executed subsequent to the completion of the Bid/ Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act, 2013 and other applicable law.

Material Contracts to the Offer

1. Offer Agreement dated October 18, 2024, entered into among our Company, the Promoter Selling Shareholder and the BRLMs.

2. Registrar Agreement dated October 17, 2024, entered into among our Company, the Promoter Selling Shareholder and the Registrar to the Offer.

3. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

4. Cash Escrow and Sponsor Bank Agreement dated [●] entered into among our Company, the Promoter Selling Shareholder, the Members of the Syndicate, Banker(s) to the Offer and the Registrar to the Offer.

5. Share Escrow Agreement dated [●] entered into among our Company, Promoter Selling Shareholder and the Share Escrow Agent.

6. Syndicate Agreement dated [●] entered into among our Company, the Members of the Syndicate, the Promoter Selling Shareholder and the Registrar to the Offer.

7. Underwriting Agreement dated [●] entered into among our Company, the Promoter Selling Shareholder and the Underwriters.

Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association, as amended from time to time.

2. Certificate of incorporation dated June 24, 1985, in the name of "*S M Pulp Packaging Private Limited*", certificate of incorporation dated February 1, 2012 pursuant to the name change of our Company to "*SMPP Private Limited*" and a fresh certificate of incorporation dated September 13, 2024 upon conversion into a public limited company and change in name of our Company to "*SMPP Limited*".

3. Resolution of our Board dated September 29, 2024, approving the Offer and other related matters.

4. Shareholders' resolution dated September 29, 2024, approving the Fresh Issue and other related matters.

5. Resolution of our Board dated October 18, 2024, approving this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.

6. Resolution of our Board of Directors dated October 13, 2024, taking on record the approval for the Offer for Sale by the Promoter Selling Shareholder.

7. Shareholders' resolution dated August 31, 2024 and Resolution of our Board dated August 23, 2024, in

relation to the appointment of Dr. Shiv Chand Kansal as the Chairman and Managing Director.

8. Shareholders' resolution dated August 31, 2024 and Resolution of our Board dated August 23, 2024, in relation to the appointment of Dr. Madhu Kansal as the Whole-time Director.

9. Shareholders' resolution dated August 31, 2024 and Resolution of our Board dated August 16, 2024, in relation to the appointment of Ashish Kansal as the Whole-time Director and Chief Executive Officer.

10. Consent letter from the Promoter Selling Shareholder consenting to participate in the Offer for Sale.

11. Copies of the annual reports of our Company for the Fiscals 2024, 2023 and 2022.

12. The examination report dated October 13, 2024, of the Statutory Auditors on our Restated Consolidated Financial Information.

13. The report dated October 16, 2024, on the statement of special tax benefits available to the Company and its shareholders under the applicable laws in India from the Statutory Auditors.

14. Our Company has received written consent dated October 18, 2024 from S S Kothari Mehta & Co. LLP and Jagdish Sapra & Co. LLP, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus, to the extent and in their capacity as Joint Statutory Auditors, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, and in respect of their (i) examination report dated October 13, 2024 on the Restated Consolidated Financial Information; (ii) their report dated October 16, 2024 on the statement of possible special tax benefits available to the Company and its Shareholders included in this Draft Red Herring Prospectus; and (iii) various other certifications issued by them in connection with the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

15. Our Company has received written consent dated October 17, 2024 from Khyati Enterprises to include their name as required under Section 26(5) of the Companies Act, 2013, read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, to the extent and in their capacity as independent chartered engineer, in respect of (i) certificate dated October 17, 2024 for our Palwal Manufacturing Facility, in relation to the installed capacity, actual production and capacity utilisation and (ii) in relation to the Project Report.

16. Our Company has received written consent dated October 14, 2024 from DPV & Associates LLP, Company Secretaries, to include their name as the independent practicing company secretary and as an "expert" as defined under Section 2(38) of the Companies Act, in relation to the certificates issued by them and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.The above-mentioned consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

17. Certificate dated October 18, 2024, from S S Kothari Mehta & Co. LLP, Chartered Accountants and Jagdish Sapra & Co. LLP, certifying the KPIs of our Company.

18. Consents of our Directors, Bankers to our Company, the BRLMs, the Syndicate Members, Registrar to the Offer, Banker(s) to the Offer, legal counsel to our Company, Monitoring Agency and Company Secretary and Compliance Officer of our Company, in their respective capacities.

19. Consent letter dated October 18, 2024, from 1Lattice to rely on and reproduce part or whole of the Industry report titled "Defence Industry Report" and to include their name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in this Draft Red Herring Prospectus.

20. Detailed Project Report dated October 16, 2024, for the Planned Ammunition Manufacturing Facility obtained from Khyati Enterprises (acting through its proprietor, Pradeep Kumar, chartered engineer).

21. Industry report titled "Defence Industry Report" dated October 17, 2024, prepared and issued by 1Lattice, commissioned and paid for by our Company and engagement letter dated August 8, 2024.

22. Industrial license number DIL: 38(2008), as amended, issued to our Company by the Department of Industrial Policy & Promotion, Government of India.

23. Due diligence certificate to SEBI from the Book Running Lead Managers dated October 18, 2024.

24. In-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.

25. Tripartite agreement dated October 3, 2024, among our Company, NSDL and the Registrar to the Offer.

26. Tripartite agreement dated October 4, 2024, among our Company, CDSL and the Registrar to the Offer.

27. SEBI final observation letter bearing number [●] dated [●].

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, have been complied with, and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, and undertakings made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Dr. Shiv Chand Kansal
Designation: Chairman and Managing Director
Date: October 18, 2024
Place: New Delhi

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, have been complied with, and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, and undertakings made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Dr. Madhu Kansal
Designation: Whole-time Director
Date: October 18, 2024
Place: New Delhi

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, have been complied with, and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, and undertakings made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Ashish Kansal
Designation: Whole-time Director and Chief Executive Officer
Date: October 18, 2024
Place: New Delhi

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, have been complied with, and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, and undertakings made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Dr. Ajay Kumar
Designation: Non-Executive Independent Director
Date: October 18, 2024
Place: New Delhi

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, have been complied with, and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, and undertakings made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Mahima Gupta
Designation: Non-Executive Independent Director
Date: October 18, 2024
Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, have been complied with, and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, and undertakings made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Dr. Manoj Gupta
Designation: Non-Executive Independent Director
Date: October 18, 2024
Place: Nagpur

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, have been complied with, and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, and undertakings made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Padam Chand Jain
Date: October 18, 2024
Place: New Delhi

DECLARATION BY THE PROMOTER SELLING SHAREHOLDER

I, Dr. Shiv Chand Kansal, the Promoter Selling Shareholder, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to me, as the Promoter Selling Shareholder and the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, those made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Dr. Shiv Chand Kansal
Date: October 18, 2024
Place: New Delhi