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(Please scan this QR Code to view this addendum)



ARUNAYA ORGANICS LIMITED

Corporate Identification Number: U24100GJ2010PLC061794



Our Company was incorporated as private limited Company under the name “Arunaya Organics Private Limited”, under the provisions of the Companies Act, 1956 and Certificate of Incorporation was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli on July 30, 2010. Subsequently, the status of our Company was changed to public limited, and the name of our Company was changed to “Arunaya Organics Limited” vide Special Resolution dated December 15, 2023. The fresh certificate of Incorporation consequent to conversion was issued on January 01, 2024 by the Registrar of Companies, Ahmedabad. For details of incorporation, change of name and registered office of our Company, please refer to chapter titled “General Information” and “History and Certain Corporate Matters” beginning on page 65 and 159 respectively of the Draft Red Herring Prospectus.

Registered office: C-8, GIDC Phase-II Naroda, Ahmedabad- 382330, Gujarat, India

Corporate Office: 102 First Floor Shoppers Plaza V, Opp Municipal Market C G Road Navrangpura, Ambawadi, Ahmedabad- 380006, Gujarat, India

Tel: +91 77790 18165 E-mail: info@arunayaorganics.com; Website: www.arunayaorganics.com;

Contact Person: Tanvi Patel, Company Secretary and Compliance Officer; Corporate Identification Number: U24100GJ2010PLC061794

PROMOTERS OF OUR COMPANY: VINOD AGRAWAL AND SHIVALI AGRAWAL	
ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JANUARY 10, 2025: NOTICE TO INVESTORS (THE “ADDENDUM”)	
INITIAL PUBLIC OFFERING OF UP TO 61,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (“EQUITY SHARES”) OF ARUNAYA ORGANICS LIMITED (“COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (“OFFER PRICE”) AGGREGATING UP TO ₹ [●] LAKHS COMPRISING A FRESH ISSUE OF UP TO 55,00,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY OUR COMPANY (“FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO 6,00,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY SHIVALI AGRAWAL (“PROMOTER SELLING SHAREHOLDER”), (THE “OFFERED SHARES”) (THE “OFFER FOR SALE” AND TOGETHER WITH THE FRESH ISSUE, THE “OFFER”) OF WHICH [●] EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE OFFER (THE “MARKET MAKER RESERVATION PORTION”), THE OFFER, LESS MARKET MAKER RESERVATION, I.E. NET OFFER [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH AT PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE “NET OFFER”. THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND [●]% RESPECTIVELY OF THE FULLY-DILUTED POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.	
Potential Bidders may note the following: “DEFINITIONS AND ABBREVIATIONS”, “SUMMARY OF OFFER DOCUMENT”, “RISK FACTORS”, “CAPITAL STRUCTURE”, “OBJECTS OF THE OFFER”, “OUR BUSINESS”, “HISTORY AND CERTAIN CORPORATE MATTERS”, “OUR MANAGEMENT”, “OUR MANAGEMENT”, “OUR GROUP COMPANY”, “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS”, “OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS”, “GOVERNMENT AND OTHER KEY APPROVALS” AND “MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION” have been updated in accordance with the suggestions made by NSE.	
The above changes are to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent stated in this Addendum, as may be applicable in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, SEBI and the Stock Exchange. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.	
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 (the “U.S. Securities Act”) or the law of any state of the United States, and 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 (as defined in Regulation S under the U.S. Securities Act (“Regulation S”)) and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in “offshore transactions” as defined and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made. There will be no public offering of the Equity Shares in the United States.	
Place: Ahmedabad Date: January 10, 2025	For and on behalf of Arunaya Organics Limited Sd/- Tanvi Patel Company Secretary and Compliance Officer
BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
 UNISTONE	
UNISTONE CAPITAL PRIVATE LIMITED A/305, Dynasty Business Park, Andheri Kurla Road, Andheri East, Mumbai 400059, Maharashtra Telephone: +91 98200 57533 Email: mb@unistonecapital.com Website: www.unistonecapital.com Investor grievance email: compliance@unistonecapital.com Contact Person: Mr. Brijesh Parekh SEBI registration number: INM000012449 CIN: U65999MH2019PTC330850	BIGSHARE SERVICES PRIVATE LIMITED S6-2, 6th Floor, Pinnacle Business Park, Mahakali Caves Road, Next to Ahura Centre, Andheri (East), Mumbai –400 093, Maharashtra, India Telephone: 022-6263 8200 Facsimile: 022-6263 8299 Email: ipo@bigshareonline.com Investor grievance email: investor@bigshareonline.com Contact Person: Asif Sayyed Website: www.bigshareonline.com SEBI Registration Number: INR000001385 CIN: U99999MH1994PTC076534

BID/OFFER PERIOD		
Anchor portion Opens/Closes on ⁽¹⁾ : [●]	Bid/Offer Opens on ⁽¹⁾ : [●]	Bid/Offer Closes on ⁽²⁾ : [●]

- (1) Our Company, in consultation with the BRLM, 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.
- (2) Our Company, in consultation with the BRLM, 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.
- (3) UPI mandate end time and date shall be at 5:00 PM on the Bid/Offer closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Offer Related Terms

Term	Description
Addendum	The addendum dated January 10, 2025 to the Draft Red Herring Prospectus.
Key Performance Indicators (KPIs)	Key factors that determine the performance of our Company.

SECTION II – SUMMARY OF OFFER DOCUMENT

PRIMARY BUSINESS OF THE COMPANY:

Our Company started its operation in dye industry in the year 2010. We engage in trading and manufacturing activities of different types of dyes and its intermediaries. A significant portion of our revenue is generated from outsourcing our key function i.e. manufacturing of our finished product from our group company Chinmay Chemicals Private Limited. We supply a comprehensive range of products, including reactive, acid, direct, basic, and solvent dyes, as well as dye intermediates. Our products are available in multiple forms, such as standardized spray-dried and tray-dried powders, granules, crude, reverse osmosis-treated products and salt free. Additionally, we provide specialty performance chemicals tailored for the paper industry and textile dyeing. Our diverse product portfolio is designed to cater to both domestic and international markets. Our production facility, located at C-8, GIDC Estate, Naroda, Ahmedabad- 382330, Gujarat, India, has an annual capacity of approximately 30 metric ton per annum. We are committed to maintaining high standards of quality and environmental management, as evidenced by our ISO 9001:2015 and ISO 14001:2015 certifications.

SECTION III- RISK FACTORS

Internal Risk Factors

- We are dependent on a third party i.e. Chinmay Chemicals Private Limited (Chinmay), our group company for supplying our products. Any disruptions at such production or manufacturing facility and their supply chains arrangements, or failure of to adhere to the relevant quality standards may have a negative effect on our reputation, business, and financial condition.***

Our Company is engaged in the business of trading and manufacturing of dyes and its intermediaries. A significant portion of our revenue is generated from outsourcing our key function i.e. manufacturing of our product from our group company Chinmay Chemicals Private Limited. For the Fiscal Years 2024, 2023, and 2022, we generate 80.00%, 83.02%, and 54.80% of our revenue from operations from our group company, Chinmay, through job work. During the same periods, we manufactured a relatively small percentage of our finished goods, accounting for only 3.94%, 3.18%, and 2.16% of our revenue from operations, respectively. Before the agreement dated May 15, 2024 with Chinmay Chemicals Private Limited, we operated on a purchase order basis for the production of finished goods and did not have formal written agreements in place with them for this purpose. Under this agreement, we supply the raw materials and provide process/ product formula to Chinmay for the purpose of getting it manufactured and then receive final products for further distribution.

The details of revenue from operations of our Company during the Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022 have been provided below:

(₹ in lakhs)

Particulars	For Fiscal Year					
	2024		2023		2022	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Sales (Job Work)	4,978.48	80.00%	6,297.20	83.02%	3,372.53	54.80%
Trading Sales	994.50	15.98%	1,018.59	13.43%	2,626.59	42.68%
Manufacturing Sales	245.07	3.94%	241.45	3.18%	132.82	2.16%
Total	6,218.05	99.92%	7,557.24	99.63%	6,131.93	99.63%

We are significantly dependent upon Chinmay for manufacturing our products in a timely and efficient manner. In the event, we experience significant increase in demand, we cannot assure you that Chinmay will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all. Accordingly, the performance of Chinmay and its ability to reach out to our end use customers and execute orders efficiently and in a timely manner is crucial to the future growth of our business. Chinmay may not continue to be successful in efficiently manufacturing our products. Our reliance on Chinmay may also make it more difficult for us to accurately forecast the results of our operations.

Any unscheduled, unplanned or prolonged disruption of operations at Chinmay's manufacturing facility, including on account of power failure, fire, mechanical failure of equipment, performance below expected levels of output or efficiency, obsolescence of equipment or manufacturing processes, non-availability of adequate labour or disagreements with workforce, lock-outs, earthquakes and other natural disasters, industrial accidents, any significant social, political or economic disturbances or infectious disease outbreaks, could affect Chinmay's ability to meet our requirements, and could consequently affect our operations. We are also exposed to the risk of Chinmay failing to adhere to the standards set for it by us and statutory bodies in respect of quality, safety, and distribution which in turn

could adversely affect our sales and revenues. While there have been no such instances in the past, there can be no assurance that there will not be such instances in the future.

Any negative publicity about the quality of our dyes can adversely affect our reputation, business, and results of operations. We undertake quality control procedures to ensure we are selling only quality dyes to our customers like conducting sample tests on each new batch of products we receive from Chinmay and exercising control over the entire manufacturing process. However, there is no assurance that our quality control measures will be effective. While there have been no such instances in the past, there can be no assurance that there will not be such instances in the future.

2. *We are dependent on a few customers for a major part of our revenues. Further we do not enter long term arrangements with our customers and any failure to continue our existing arrangements could adversely affect our business and results of operations.*

We are engaged in the business of trading and manufacturing of dyes for various industries. We are dependent upon our long-term customers. Owing to our long-term association with various industries, including textiles, paper, and chemicals. Our sales are concentrated to a few customers and our revenue from operations from our top 1 customer, top 5 customers and 10 customers as in Fiscal 2024, Fiscal 2023, and Fiscal 2022 is set out below:

Category	For fiscal year					
	2024		2023		2022	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
Top 1 customer	1,186.35	19.06%	1,272.53	16.78%	1,212.98	19.71%
Top 5 customers	3,452.11	55.47%	4,090.70	53.93%	3,828.98	62.21%
Top 10 customers	4,534.51	72.86%	5,895.60	77.73%	4,691.22	76.22%

Currently, we lack any long-term or exclusive agreements with our customers, leaving us unable to guarantee the continuation of historical sales volumes to these parties. If our competitors offer better margins or incentives, there's no assurance that our customers will maintain their orders with us. Typically, our transactions with customers operate on a purchase order basis without a fixed volume commitment, further exposing us to uncertainty regarding future orders. Moreover, there's no guarantee that our customers will adhere to existing terms or continue placing orders with us. Any changes in customer business practices or terms, including payment terms, could significantly impact our business, financial operations, operational results, and cash flow. Additionally, the potential for customers to cancel purchase orders, either abruptly or without notice, poses a risk to our inventory management. Repeated cancellations could severely impact our business, financial status, operational outcomes, and cash flow. While there have been no such instances in the past, there can be no assurance that there will not be such instances in the future.

In addition, a portion of our revenue is derived from China. In the fiscal years ending March 31, 2024, March 31, 2023, and March 31, 2022, revenue from our operations in China amounted to ₹ 533.49 Lakhs, ₹ 734.84 Lakhs and ₹ 109.79 Lakhs, representing 8.57%, 9.69%, and 1.78% of our revenue from operations, respectively. There are growing concerns about a potential slowdown in the Chinese economy, along with strained relations between China and India. These factors could negatively impact trade relations between the two countries, potentially affecting our business, particularly in terms of exports to China. Consequently, this may adversely impact our business, results of operations, and future prospects.

4. *Our existing and proposed manufacturing units are located in Gujarat. Any localized social unrest, natural disaster, service disruption, or other unforeseen events in or around Gujarat could lead to*

production interruptions or shutdowns at our facilities. Such disruptions could have a material adverse effect on our business and financial condition.

As on the date of the Draft Red Herring Prospectus, our existing and proposed manufacturing units are located within the state of Gujarat, India. Our manufacturing operations and consequently our business is dependent upon our ability to manage the unit, which is subject to operating risks, including those beyond our control. In the event of any disruptions at our unit, due to natural or man-made disasters, workforce disruptions, delay in regulatory approvals, fire, failure of machinery, lack of continued access to assured supply of electrical power and water at reasonable costs, changes in the policies of the states or local government or authorities or any significant social, political or economic disturbances or civil disruptions in and around Gujarat our ability to manufacture our products may be adversely affected.

Further, any materially adverse social, political, or economic development, civil disruptions, or changes in the policies of the state government or state or local governments in this region could adversely affect our manufacturing operations, and require a modification of our business strategy, or require us to incur significant capital expenditure or suspend our operations. Any such adverse development affecting continuous operations at our manufacturing units could result in significant loss due to an inability to meet customer contracts and production schedules, which could materially affect our business reputation within the industry. The occurrence of our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects. Further, the spiralling cost of living around our manufacturing units may push our manpower costs higher, which may reduce our margin and cost competitiveness. While there have been no such instances in the past, there can be no assurance that there will not be such instances in the future.

5. Our primary source of revenue largely depends on a sale of Direct Dyes and Intermediaries. Consequently, any downturn in sales within these segments would significantly hamper our operations and profitability.

We manufacture and distribute a range of dyes including Direct, Intermediate, Acid, Reactive, Solvent, and Basic Dyes. However, a significant portion of our revenue comes from Direct and Intermediate Dyes. Combined, these products account for 70.58%, 66.29%, and 64.35% of our operational revenue for the fiscal years 2024, 2023, and 2022, respectively.

Product	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
Direct Dye	2,262.79	36.36%	1,915.83	25.26%	1,132.06	18.39%
Intermediate	2,129.40	34.22%	3,112.51	41.03%	2,828.81	45.96%
Acid Dye	1,198.29	19.25%	1,111.97	14.66%	821.23	13.34%
Reactive Dye	422.00	7.10%	174.31	2.30%	0.00	0.00%
Solvent Dye	169.06	2.72%	1,098.49	14.48%	1,265.49	20.56%
Basic Dye	16.51	0.27%	144.12	1.90%	84.34	1.37%
Total	6,218.05	99.92	7,557.24	99.63	6,131.93	99.63

Depending heavily on sale of these products for a substantial portion of our revenue brings forth various risks such as potential declines in future demand, intensified competition from both domestic and international manufacturers, the invention of superior and cost-effective technologies, fluctuations in raw material prices and availability, shifts in regulations and import duties, and the cyclical patterns inherent in our customers' businesses. Any incidence of such events has the potential to substantially diminish our revenues, consequently having a material adverse impact on our operational outcomes and financial standing.

For the fiscal years 2024, 2023, and 2022, sales returns amounted to ₹ 1.80 lakhs ₹ 0.09 lakhs, and ₹ 83.64 lakhs, respectively. Sales return of ₹ 83.64 lakhs in FY 2022 was due to damage of packaging during transit to Indian Port and were return from Indian Port. The same goods were repackaged and exported later. Since this incident, we have not experienced any significant sales returns. There can be no assurance that such instances would not occur in future.

7. We have significant working capital requirements for our smooth day to day operations of business and discontinuance or our inability to acquire adequate working capital timely and on favorable terms may have an adverse effect on our operations, profitability and growth prospects.

Our Company's working capital needs for a specific period are influenced by various factors, such as the size and timing of orders to be fulfilled, the size of the order backlog, and customer payment terms. Based on historical trends, we anticipate a significant increase in our working capital requirements.

The table below sets forth our working capital for the Financial Years 2024, 2023 and 2022 and projected figures for Financial Years 2025 and 2026 on the basis stated below:

(₹ in lakhs)

Particulars	Year ended on March 31, 2026	Year ended on March 31, 2025	Year ended on March 31, 2024	Year ended on March 31, 2023	Year ended on March 31, 2022
Current Assets					
a. Inventories	2,311.31	1,849.32	1,758.04	885.81	476.20
b. Financials Assets					
i. Trade Receivable	2,739.73	2,465.75	2,073.85	2,183.97	2,228.73
ii. Cash and Cash Equivalents	150.00	100.00	11.18	22.63	16.72
c. short term loans and advances	50.00	60.00	21.80	27.66	51.33
d. Other financial assets and current assets	200.00	300.00	51.42	178.60	95.75
Total Current Assets (A)	5,451.04	4,775.07	3,916.29	3,298.66	2,868.73
Current Liabilities					
a. Financial Liabilities					
i. Trade payables	1,734.20	1,825.48	1,862.73	1,722.99	1,894.99
b. Short term provisions	150.00	120.00	155.63	70.84	55.88
c. Other current liabilities	24.50	25.00	27.25	25.79	17.61
Total Current Liabilities (B)	1,908.70	1,970.48	2,045.61	1,819.62	1,968.48
Working Capital (C=A-B)	3,542.34	2,804.59	1,870.68	1,479.04	900.25
Means of Finance	3,342.34	2,104.59			
Borrowing/Internal Accruals	3,342.34	2,104.59	1,870.68	1,479.04	900.25
Amount proposed to be utilized from Net Proceeds	200.00	700.00	-	-	-
Total Means of Finance	3,542.34	2,804.59	-	-	-

Our business requires funds towards working capital requirements. In case there are insufficient cash flows to meet our working capital requirement, or we are unable to arrange the same from other sources or there are delays in disbursement of arranged funds, or we are unable to procure funds on favourable terms, at a future date, it may result into our inability to finance our working capital needs on a timely basis which may have an adverse effect on our operations, profitability and growth prospects. For further details regarding incremental working capital requirement, please refer to the chapter titled "Objects of the Offer" beginning on page 91 of the Draft Red Herring Prospectus.

8. ***If there are delays in setting up the Proposed Facility or if the costs of setting up and the possible time or cost overruns related to the Proposed Facility or the purchase of plant and machinery for the Proposed Facility is higher than expected, it could have a material adverse effect on our financial condition, cash flow, results of operations and growth prospects.***

We are in the process of setting up new manufacturing facility to be located at Dahej, Sambheti Village, Bharuch District, Gujarat (*“Proposed Facility”*). Out of the Net Proceeds, ₹ 1,178.95 lakhs are proposed to be utilized towards funding capital expenditure requirements Setting up of a new manufacturing facility located at Dahej, Bharuch, Gujarat. The Proposed Facility is expected to have an installed capacity of 6,000 MTPA and will primarily focus on manufacturing Synthetic Organic Dyes which will majorly serve to Food and Cosmetic industry, as well as the continued production of existing products. For further information in relation to the Proposed Facility, please see *“Objects of the Offer – Setting up of a new manufacturing facility located at D-3/26/3, Dahej III, Industrial Estate, Dahej-392 130, Vagra, Bharuch, Gujarat”* on page 93 of the Draft Red Herring Prospectus. The Proposed Facility is expected to commence by April 2025. The completion of the setting up of the Proposed Facility is dependent on our ability to arrange finance through Net Proceeds or otherwise, the performance of external agencies which are responsible for inter alia construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We cannot assure you that we will be able to arrange for such finance on time. Further, we cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. We may not be able to identify suitable replacement external agencies in a timely manner. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns. However, if we decide to raise additional funds through the issuance of equity or equity linked instruments, the interests of our shareholders may be diluted. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business prospects could be adversely affected.

The estimated costs for setting up the Proposed Facility is based on the certificate dated August 12, 2024 given by M/s Sanjaysingh Bist, Independent Chartered Engineers, are management’s estimates and current conditions which are subject to change, owing to prospective changes in external circumstances, costs, and other financial conditions. There could be delays in setting up the Proposed Facility as a result of, amongst other things, requirement of obtaining approvals from statutory or regulatory authorities, contractors’ or external agencies’ failure to perform, interest or exchange rate fluctuations, changes in business strategy, changes in design and configuration, unforeseen engineering problems, disputes with workers, increase in input costs of construction materials and labour costs, incremental preoperative expenses, startup costs, taxes and duties, interest and finance charges, working capital margin, cost escalation and/ or force majeure events (including the continuing impact of the COVID-19 pandemic, geopolitical tensions, etc.), and other external factors which may not be within the control of our management, which could give rise to cost overruns and delays in our implementation schedules

If the actual capital expenditures on setting up the Proposed Facility significantly exceed our budgets, we may not be able to achieve the intended economic benefits of the Proposed Facility which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the aforementioned expansion or commissioning of our plants and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition.

The new manufacturing facility will require us to obtain various approvals, that are routine in nature including approvals such as consent to establish, consent for operations, fire-no objection certificate under applicable law in relation to the manufacturing facility. There can be no assurance that we will be able to obtain these registrations, licenses and approvals including approvals in relations to power and water procurement in a timely manner or at all, which could result in an adverse effect on our business, prospects, and results of operations.

In view of the above, any delay in setting up our proposed manufacturing unit could lead to revenue loss for our Company. Further, our execution plan may be subject to delays and other risks, which may be caused due to certain other unforeseen events, such as unforeseen engineering or technical problems, disputes with workers, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals and consents. While we may seek to minimize the risks from any unanticipated events, it cannot be assured that all potential delays could be mitigated and that we will be able to prevent any cost and time over-runs and any loss of profits resulting from such delays, shortfalls and disruptions. Further, the budgeted cost may prove insufficient to meet the requirements of the proposed capital expenditure due to, among other things, cost escalation, which could drain our internal cash flows or compel us to raise additional capital, which may not be available on terms favorable to us or at all. We cannot assure that we will be able to complete setting up our proposed manufacturing unit in accordance with the proposed schedule of implementation and any delay in setting up such plants in a timely manner, or at all, could have an adverse impact on our growth, prospects, cash flows and business and financial condition. Furthermore, the quotations for plant and machinery and civil works received by us from various suppliers and contractor might expire and we may be compelled to purchase the same at a higher cost. Our financial condition, result of operations and liquidity would be materially and adversely affected if our project or construction cost materially exceed such budgeted amounts. For further details, please refer to chapters titled “*Objects of the Offer*” and “*Our Business*” on pages 91 and 130, respectively of the Draft Red Herring Prospectus.

12. We operate our Registered Office and manufacturing facility, Corporate Office, and Godown that are held by us on leasehold basis. In the event we lose or are unable to renew such leasehold rights, our business, results of operations, financial condition, cash flows and prospects may be adversely affected.

We operate our Registered Office and manufacturing facility, Corporate Office, and Godown that are held by us on, on leave and license basis, details whereof are as under:

Sr. No.	Details of the properties	Description of properties	Area	Purpose of usage
1.	C-8, GIDC Estate, Naroda, Ahmedabad-382330, Gujarat, India	Agreement dated July 26, 2024, between Gujarat Industrial Development Corporation (Licensor) & Arunaya Organics Limited (Licensee) for a term of 99 years from January 28, 1971.	230.86 Sq. ft.	Registered Office and Manufacturing facility
2.	102, First Floor, Shoppers Plaza ‘V’, Opp. Municipal Market, C.G. Road, Nayrangpura, Ahmedabad-380006, Gujarat, India.	Agreement dated June 22, 2024, between Shivali Agrawal (Licensor) & Arunaya Organics Limited (Licensee) for a term of 2 years 11 months from June 22, 2024.	800 sq. yard	Corporate Office
3.	Plot No. 148/3, Shed No. K-1-5, Naroda G.I.D.C, Ahmedabad, India	Agreement dated April 30, 2024, between Patel Jayesh Kanubhai (Licensor) & Arunaya Organics Limited (Licensee) for a term of one year from February 01, 2024.	Approx 576 Sq. Mtrs.	Godown

We have obtained our corporate office on leasehold basis from Shivali Agrawal vide the agreement dated June 22, 2024, even though the transaction is on arm’s length basis there can be no assurance that the same might continue in future.

These properties are subject to several conditions, some of which could be onerous. Failure to adhere to or comply with these conditions may lead to termination, revocation, or suspension of the relevant leave and license agreement.

We cannot assure you that we will not default on the terms and conditions of the agreements. We cannot assure you that we shall continue to be able to operate out of our existing premises or renew our existing licenses at favourable 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. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. Moreover, we may face significant increases in the rental rates. We cannot assure you that we may be able to do so in a timely manner. If we lose our rights on the properties or are required to negotiate terms or to relocate our business operations or shut down our Registered Office and manufacturing facility, Corporate Office and godown 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, cash flows and financial condition.

13. There have been instances in the past where we have not made certain regulatory filings with the RoC and there were certain instances of discrepancies in relation to certain statutory filings and corporate records of our Company.

We have obtained the search report on RoC filing from the PCS firm M/s H Togadiya & Associates vide their report dated August 16, 2024. According to that report, in the past, there have been instances of delays in filing statutory forms such as Form 2, Form 32, Form 18, Form 8, Form 23B, Form MSME-1, Form CHG-1, Form DPT-3, Form PAS-3, and Form SH-7, as per the reporting requirements under the Companies Act, which have been subsequently filed by payment of an additional fee as specified by RoC.

Further, there have been certain discrepancies in relation to statutory filings required to be made by the company with the RoC under applicable laws, as well as certain other non-compliances incurred by us under the Companies Act details of which are provided hereunder which have been intimated to the RoC by way of filing e-form GNL-2 form through letter dated August 06, 2024. The details of such discrepancies/errors are provided below:

- a) Our Company did not file explanatory statement with the EGM resolution, the EGM resolution did not have alteration of MOA clause details mentioned and altered MOA was not certified by the director in the MGT-14 form dated March 10, 2022. Our company has voluntarily refiled MGT-14 on July 31, 2024 before the RoC and the is been informed to ROC via GNL-2 dated August 09, 2024.
- b) Our Company has inadvertently made typographical errors in the forms ADT-1, ADT-3, PAS-3, MGT-14, Form 2, Form 5, Form 18, Form 32 like in Form 18 proof of address of registered office was not attached in the form and in form MGT-14 for conversion of Private Limited to Public Limited the resolution didn't mention that it was a special resolution and date and place of signing the resolution is not mentioned. However, Board of Directors of our Company has taken the note of the said discrepancies found in the statutory forms. These clerical errors were not substantial in nature and the concerned ROC has not issued any show-cause notice in respect to the above has been received by our Company till date and except as stated in this Draft Red Herring Prospectus, no penalty or fine has been imposed by any regulatory authority in respect to the same.

Although, no regulatory action, fine or penalty has been taken/ levied on our Company for the abovementioned purported default / non-compliance, however, it cannot be assured that no such

regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors/ officers in relation to the same, our business and financial condition could be adversely affected.

14. Our success depends on stable and reliable logistics and transportation infrastructure. Disruption of logistics and transportation services could impair the ability of our suppliers to deliver raw materials or our ability to deliver products to our customers and/ or increase our transportation costs, which may adversely affect our operations.

We utilize third party transportation services by road for transport of raw materials and our products from/ to our suppliers and customers. Further, we rely on the freight ships for the transport of imported raw material. The transportation involves risks, including, collision, grounding, storm, fire, explosion, lightning, political instability, allotment of rakes, allotment of berths for cargo ships for our imports and operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID- 19 pandemic. Any delay or disruption caused to the transportation of raw materials, or our products could adversely impact our ability to procure the raw materials as well as to meet the delivery schedule of our products in an economical manner. To ensure timely delivery of our products, we may also be required to maintain relatively high level of inventory of raw materials, and this may also resultantly increase our cost. While there have been no such instances in the past, there can be no assurance that there will not be such instances in the future.

15. Optimal capacity utilisation of our production capacities could adversely affect our business, future prospects, and financial performance, as the company may not be able to meet any potential increase in demand in the future.

We are operating out of one unit in Naroda, Ahmedabad with an aggregate estimated installed production capacity of 30 metric ton per annum for dyes and intermediaries. Our profitability relies on our ability to optimize our product mix by focusing on high-margin products and those with steady long-term demand, while also balancing supply and demand in the market. In particular, the level of our capacity utilization can impact our operating results. Capacity utilization is also affected by our product mix and the demand and supply balance. The following table sets forth certain information relating to capacity utilization of our Unit calculated on the basis of total installed production capacity and actual production as of/ for the periods indicated below:

Products	Units	2023-24			2022-23			2021-22		
		Capa city (MT)	Produ ction (MT)	Utilis ation (MT)	Capa city (MT)	Produ ction (MT)	Utilis ation (MT)	Capa city (MT)	Produ ction (MT)	Utilis ation (MT)
Dyes and intermediaries	Capac ity	30	30	30	30	30	30	30	30	30
	Produ ction	30	29.90	99.80%	30	29.10	97%	30	28	93%

As certified by M/s Sanjaysingh Bist, Independent Chartered Engineer vide his certificate dated August 20, 2024.

For further information, see “Our Business – Capacity and Capacity Utilization” starting from page 137 of the Draft Red Herring Prospectus. These percentage are not indicative of future capacity utilization, which are dependent on various factors, including demand for our products, availability of raw materials, shipping cost, our ability to manage our inventory and improving operational efficiency.

For the past three years, we have optimized our production capacity. As a result, we may not be able to accommodate any potential increase in demand and may need to outsource additional production capacity from third parties to meet this demand.

Under-utilization of our production capacities over extended periods or significant under-utilization in the short-term could materially and adversely impact our business, growth prospects and future financial performance. Our capacity utilization levels are dependent on our ability to carry out uninterrupted operations at manufacturing unit, the availability of raw materials, industry/ market conditions, as well as by the product requirements of, and procurement practice followed by our customers. In the event we face prolonged disruptions at our facilities including due to interruptions in the supply of electricity, water or because of labour unrest, or are unable to procure sufficient raw materials, we would not be able to achieve full capacity utilization of our current manufacturing unit, resulting in operational inefficiencies which could have a materially adverse effect on our business and financial condition.

16. Fluctuations in raw material prices may affect our profitability.

The fluctuation in raw material prices poses a significant risk to the profitability of the company. For the fiscal years ended March 31, 2024, March 31, 2023, and March 31, 2022, the cost of raw materials amounted to ₹ 5,025.85 Lakhs, ₹ 5,724.14 Lakhs, and ₹ 2,647.56 Lakhs, representing 87.89%, 77.40%, and 43.84% of our total expense, respectively, a large portion of production costs, and any price volatility- whether due to supply chain disruptions, geopolitical events, or changes in market demand- can impact overall cost structures. When raw material prices increase unexpectedly, we may find it difficult to adjust our pricing strategies, accordingly, leading to squeezed margins or reduced profitability. Furthermore, fluctuations make it challenging to forecast expenses accurately, hindering effective budgeting and long-term financial planning.

17. There have been some instances of delays in filing of statutory and regulatory dues in the past with the various government authorities.

In the past, there have been certain instances of delays in filling statutory & regulatory dues with respect to Goods and Services Tax (GST), Employees Provident Fund (EPF), Employee Insurance and Professional Tax. These delays were majorly due to oversight by the staff/accountant vested with the duty of making payments. As result, the Company has filed returns and payment with delay penalty. The Company has experienced delay in relation to Goods and Services Tax for the following period as under:

Financial Year	Month	Date on payment	Actual Paid Date	Delay days	Reason for Delay payment
2017-2018	July 2017	August 22, 2017	August 29, 2017	7	Oversight by Accountant
2017-2018	December 2017	January 22, 2018	January 23, 2018	1	Oversight by Accountant
2017-2018	January 2018	February 20, 2018	February 24, 2018	4	Oversight by Accountant
2021-2022	May 2021	June 20, 2021	August 8, 2021	18	Oversight by Accountant

The Company has experienced delay in relation to Employees Provident Fund (EPF) for the following period as under:

Financial Year	Month	Date on payment	Actual Paid Date	Delay days	Reason for Delay payment
2016-2017	March 2017	April 4, 2017	April 19, 2017	4	Oversight by Accountant
2017-2018	May 2017	June 15, 2017	June 16, 2017	1	Oversight by Accountant

Financial Year	Month	Date on payment	Actual Paid Date	Delay days	Reason for Delay payment
2017-2018	July 2017	August 15, 2017	October 13, 2017	59	Oversight by Accountant
2017-2018	October 2017	November 15, 2017	November 30, 2017	15	Oversight by Accountant
2017-2018	November 2017	December 15, 2017	February 16, 2018	63	Oversight by Accountant
2017-2018	December 2017	January 15, 2018	March 28, 2018	72	Oversight by Accountant
2017-2018	January 2018	February 15, 2018	March 28, 2018	41	Oversight by Accountant
2017-2018	February 2018	March 15, 2018	April 4, 2018	20	Oversight by Accountant
2017-2018	March 2018	April 15, 2018	April 25, 2018	10	Oversight by Accountant
2018-2019	April 2018	May 15, 2018	May 18, 2018	3	Oversight by Accountant
2018-2019	May 2018	June 15, 2018	June 18, 2018	3	Oversight by Accountant
2018-2019	July 2018	August 15, 2018	August 18, 2018	3	Oversight by Accountant
2018-2019	September 2018	October 15, 2018	October 25, 2018	10	Oversight by Accountant
2018-2019	November 2018	December 15, 2018	December 19, 2018	4	Oversight by Accountant
2018-2019	December 2018	January 15, 2019	January 18, 2019	3	Oversight by Accountant
2018-2019	January 2019	February 15, 2019	February 16, 2019	1	Oversight by Accountant
2018-2019	February 2019	March 15, 2019	March 19, 2019	4	Oversight by Accountant
2018-2019	March 2019	April 15, 2019	May 3, 2019	18	Oversight by Accountant
2019-2020	May 2019	June 15, 2019	June 20, 2019	5	Oversight by Accountant
2019-2020	November 2019	December 15, 2019	December 16, 2019	1	Oversight by Accountant
2019-2020	March 2020	April 15, 2020	May 9, 2020	24	Oversight by Accountant
2021-2022	June 2021	July 15, 2021	July 17, 2021	2	Oversight by Accountant
2021-2022	December 2021	January 15, 2022	January 17, 2022	2	Oversight by Accountant
2022-2023	July 2022	August 15, 2022	August 16, 2022	1	Oversight by Accountant
2023-2024	July 2023	August 15, 2023	August 17, 2023	2	Oversight by Accountant
2023-2024	September 2023	October 15, 2023	October 20, 2023	5	Oversight by Accountant
2023-2024	November 2023	December 15, 2023	December 19, 2023	4	Oversight by Accountant

Financial Year	Month	Date on payment	Actual Date Paid	Delay days	Reason for Delay payment
2023-2024	March 2024	April 15, 2024	April 23, 2024	8	Oversight by Accountant
2024-2025	April 2024	May 15, 2024	May 16, 2024	1	Oversight by Accountant

The Board of Directors of our company has taken note of these delays in fulfilling our statutory and regulatory obligations. Our company has appointed designated employees responsible for monitoring statutory requirements and ensuring timely compliance of the same. A compliance calendar has been established to track deadlines for filings, approvals, and submissions to regulatory bodies. There can be no assurance that delays or default with respect to payment of statutory and regulatory dues will not occur in the future which in turn may affect our reputation and financial results.

20. *Information relating to the installed production capacity and capacity utilization of our manufacturing unit included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.*

We have availed the services of an independent third-party chartered engineer, M/s Sanjaysingh Bist, to prepare a Chartered Engineer certificate dated August 12, 2024 for purposes of inclusion of such information in this Draft Red Herring Prospectus. Information relating to the installed production capacity and capacity utilization of our manufacturing unit included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management that have been considered by an independent chartered engineer while calculating the installed production capacity of, and actual production volumes at, our manufacturing unit. The assumptions and estimates include the standard capacity calculation practices of the dye industry after examining the period during which the manufacturing unit were operational during the year, the expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies, and taking into account the number of working days in a year, number of days in a month, number of shifts in a day and average number of batches per day. For further details, please refer to chapters titled “*Objects of the Offer*” beginning on page 91 of the Draft Red Herring Prospectus. Actual production capacity, production levels and utilization rates may therefore vary from the information of our manufacturing unit included in this Draft Red Herring Prospectus or from the historical installed production capacity information of our manufacturing unit depending on the product type. Accordingly, undue reliance should not be placed on our historical installed capacity information for our existing facilities included in this Draft Red Herring Prospectus

22. *Our company lacks documentary evidence for Ashokbhai Agrawal’s past educational qualifications, while the experience details of Umesh Menon and Bikash Tarafdar are based on the information provided by the directors.*

Ashokbhai Agrawal was unable to provide documentation evidencing his past education qualification. Due to the lack of documents and relevant information from him, we have disclosed details of his education qualification based on his application dated August 07, 2024, to Technical Examination Board for duplicate Degree Certificate for Diploma in Mechanical Engineering and the profile provided by him. This detail is included in his biography in the chapter titled “*Our Management*” as required under the SEBI ICDR Regulations. Further the experience details of Umesh Menon and Bikash Tarafdar as mentioned in their profile are as per the available details received from the directors. While their resume indicates additional experience, this cannot be included in their biography due to the lack of documentary proof from the directors. For further information, please refer to the chapter titled “*Our Management*” on page 165 of the Draft Red Herring Prospectus.

23. *Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.*

We have experienced negative cash flows from our operating activities, investing activity and financing activities in the Financial Years 2024, 2023 and 2022. The following table summarizes our cash flows data for the periods indicated:

(₹ in lakhs)

Particulars	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
Net cash from operating activities	249.69	(214.00)	83.59
Net cash from investing activity	(45.90)	(23.61)	(456.74)
Net cash from financing activity	(215.24)	243.53	372.20

The reason for negative cash flow from operating activity was primarily attributable to depreciation of ₹ 25.02 lakhs, interest expense of ₹ 133.92 lakhs, Foreign Exchange Gain of ₹ 45.64 lakhs and thereafter change in working capital of ₹ (572.88) lakhs respectively, resulting in gross cash generated from operations at ₹ (121.83) lakhs. We have income tax paid of ₹ 92.18 lakhs. Changes in working capital mostly includes increase in inventories by ₹ 409.61 lakhs and decrease in trade payables by ₹ 172.00 lakhs.

The reason for negative cash flow from investing activity for the Fiscal 2024, was due to our net cash used in investing activities due to increase in loan and advances was ₹ (45.90) lakhs. The reason for negative cash flow from investing activity for the Fiscal 2023, was due to our net cash used in investing activities for purchase of Plant Property and Equipments of ₹ 19.84 lakhs and Interest received of ₹ 5.48 lakhs. The reason for negative cash flow from investing activity for the Fiscal 2022, was due to our net cash used in investing activities for Purchase of Plant Property and Equipments of ₹ 294.27 lakhs, Interest received of ₹ 2.87 lakhs.

The reason for negative cash flow from financing activities for the Fiscal 2024, was due to our net cash proceeds from borrowings of ₹ 95.43 lakhs, and interest expense of ₹ 172.18 lakhs.

There can be no assurance that our net cash flows will be positive in the future. Any negative cash flows in the future could adversely affect our results of operations and financial condition, and we cannot assure you that our net cash flows will be positive in the future.

30. *We have entered and may continue to enter into related party transactions and there can be no assurance that such transactions have been on favourable terms.*

We have entered certain transactions with related parties may continue to do so in future. While our Company confirms that all such transactions have been conducted on arms-length basis and is in compliance with the Companies Act, 2013 and other applicable laws, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our company will enter into related party transactions also in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to “Annexure J(i), J(ii), J(iii) – Related Party Transactions” of restated financials under section titled “Financial Information” on page 187 of the Draft Red Herring Prospectus.

39. *Our Company’s management will have flexibility in utilizing the net proceeds from the fresh issue and the deployment of the net proceeds from the offer is not subject to any monitoring by any independent agency.*

Our Company intends to primarily use the net proceeds towards capital expenditure in Setting up of a

new manufacturing facility located at Dahej, Bharuch, Gujarat and to meet working capital requirements of our company and general corporate purposes as mentioned in “*Objects of the Offer*” on page 91 of the Draft Red Herring Prospectus. In terms of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the offer size is not in excess of ₹ 10,000 lakhs. The Audit committee of the Company will be monitoring utilization of funds. Our company may have to revise its management estimates from time to time and consequently its requirements may change.

Further, pursuant to Section 27 of the Companies Act 2013, any variation in the objects would require a special resolution of the shareholders and our promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders of our company who do not agree to such proposal to vary the objects, in such manner as may be prescribed in future by the SEBI. Our Company shall inform about material deviations in the utilization of Offer proceeds to the stock exchange and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

Accordingly, prospective investors in the offer will need to rely upon our Audit Committee’s judgment with respect to the use of net proceeds. If we are unable to enter into arrangements for utilization of net proceeds as expected and assumed by us in a timely manner or at all, we may not be able to derive the expected benefits from the proceeds of the offer and our business and financial results may suffer.

47. Our insurance coverage may not adequately protect us against potential risk, and this may have a material adverse effect on our business.

We maintain insurance coverage for key risks relating to our business. For further details relating to insurance please refer “*Our Business- Insurance*” on page 142 of the Draft Red Herring Prospectus. While we believe that the amount of our insurance coverage is in line with industry standards, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. In addition, not all risks associated with our operations may be insurable, on commercially reasonable terms or at all. Although we believe that we have obtained insurance coverage customary to our business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions, and limits on coverage. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected. Natural disasters in the future or occurrence of any other event for which we are not adequately or sufficiently insured may cause significant disruption to our operations that could have a material adverse impact on our business and operations. The occurrence of an event for which we are not adequately or sufficiently insured could have an adverse effect on our business, results of operations, financial condition, and cash flows. If we are subject to litigation or claims or our operations are interrupted for a sustained period, we cannot assure you that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption. While in the past there have been no such instances as relating to insurance claims exceeding liability insurance, there can be no assurance that there will not be such instances in the future.

49. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, and capital expenditures.

Our future ability to pay dividends will depend on our earnings, financial condition, and capital requirements of our company. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders. Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition, and results of operations. While there have been no such instances in the past, there can be no assurance that there will not be such instances in the future.

53. We have not independently verified certain data in this Draft Red Herring Prospectus.

We have not independently verified data from the industry and related data has been taken from the websites of International Monetary Fund, India Brand Equity Foundation, Invest India and Department of Chemicals that contained in this Draft Red Herring Prospectus and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled. Therefore, discussions of matters relating to India, its economy, or the industry in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate, or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy elsewhere.

67. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("STT") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any capital gain exceeding ₹ 1 lakh, realized on the sale of equity shares held for more than 12 months immediately preceding the date of transfer, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 and clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. The Finance Act, 2020, has, among others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, that such dividends not be exempt in the hands of the shareholders, both resident as well as non-resident, and that such dividends likely be subject to tax deduction at source. 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 from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

SECTION IV- INTRODUCTION

CAPITAL STRUCTURE

NOTES TO THE CAPITAL STRUCTURE

A. Share Capital of our Company

1. Equity Share Capital:

The company is in compliance with the Companies Act, 2013 with respect to issuance of securities since inception till the date of filing of Draft Red Herring Prospectus.

NOTES TO THE CAPITAL STRUCTURE

A. Share Capital of our Company

6. Our Company has not revalued its assets since inception and has not issued equity shares (including bonus shares) by capitalizing any revaluation reserves. Our company has issued bonus shares from the capital redemption reserve and surplus, for further information please refer “*Restated Financial Statements*” on page 187 of the Draft Red Herring Prospectus.

Summary of Shareholding Pattern:

Note: All allotments of shares to the public over the years is done in accordance with applicable provisions of the Companies Act, 2013.

OBJECTS OF THE OFFER

Utilization of Net Proceeds

(₹ in lakhs)

Sr. No.	Particulars	Estimated Amount
1.	Setting up of a new manufacturing facility located at D-3/26/3, Dahej III, Industrial Estate, Dahej-392 130, Vagra, Bharuch, Gujarat (“ Proposed Greenfield Project ”)	1,178.95
2.	Funding working capital requirements of our company	900.00
3.	General corporate purposes ⁽¹⁾	[●]
Total		[●]

Schedule of implementation

The existing capacity utilisation of the company is as follows:

Products	Units	2023-24			2022-23			2021-22		
		Capacity (MT)	Production (MT)	Utilisation (MT)	Capacity (MT)	Production (MT)	Utilisation (MT)	Capacity (MT)	Production (MT)	Utilisation (MT)
Dyes and intermediaries	Capacity	30	30	30	30	30	30	30	30	30
	Production	30	29.90	99.80%	30	29.10	97%	30	28	93%

Details of the Objects of the Offer

1. Funding capital expenditure requirements for setting up of a manufacturing facility in Dahej, Bharuch, Gujarat (“Proposed Greenfield Project”)

We plan to establish a new manufacturing facility at D-3/26/3, Dahej III, Industrial Estate, Dahej-392 130, Vagra, Bharuch, Gujarat (the “**Proposed Facility**”). This strategic initiative aligns with our goal to enhance production efficiency and capitalize on economies of scale. Currently, a significant portion of our operational revenue is derived from job work, which accounted for 80.00%, 83.02%, and 54.80% of our total revenue for the financial years 2024, 2023, and 2022, respectively. We currently source these manufactured products through job work from our group company, Chinmay Chemicals Private Limited. By transitioning to in-house manufacturing, we expect to achieve cost savings and expand our production capacity, thereby strengthening the company’s long-term financial performance. We expect to have no reliance on Chinmay for job work once operations are fully functional in 2027.

The estimated capacity utilization post completion of the object.

We plan to commence commercial production from April 2025, till June 2025 we will be working at 40% capacity, subsequently our capacity utilisation is expected to be 50% till September 2025, from December 2025 onwards our capacity utilisation is expected to be 60%. By March 2026, we expect to reach 75% of the plant's total production capacity. Over the following two fiscal years, our goal is to achieve 80% capacity, as certified by M/s Sanjaysingh Bist, Chartered Engineer in his certificate dated August 12, 2024.

Estimated Cost

3. Purchase of Machinery

The company proposes to purchase new machinery.

Sr. No.	Expense Category & Purpose	Price Per Unit (Amount in ₹)	Quantity	Total Amount (₹ in lakhs)	Quotation Received From, Date and Reference Number	Validity of Quotation
	G Accessories					
41	2" X 2" S.S. 316 Centrifugal Pump, With Base Plate & Capal Set, With 5 H.P. Ele. Motor	48,000.00	20	9.60	Quotation received from P. Das Engineering Works dated September 12, 2024 having reference number 29	Valid till November 30, 2024
	A Installation Charges					
2	Electrical Control Panel (PCC + MCC) With Cable And Wiring For All Incoming And Outgoing	40,00,000.00	1	40.00	Quotation received from JP Industries dated September 11, 2024 having reference number JPI/AHD/V/JP1015	Valid till November 30, 2024

Key assumptions and justifications for working capital requirements

Particulars	Justification
Inventory	In Fiscal 2022 and Fiscal 2023, the company gradually transitioned from trading to manufacturing, further company getting manufacturing outsourced on job work basis to group concern Chinmay Chemicals Private Limited which likely required less inventory on hand, leading to a reduction in inventory days to 43 and 38, respectively. Manufacturing typically involves more predictable production schedules than trading. The process begins with dye preparation according to client specifications, followed by an approval period of around 25-30 days before production can start. This extended approval process, combined with a slowdown in the dyeing industry, contributed to a significant increase in inventory days to 87 in Fiscal 2024, as the company accumulated inventory in anticipation of a future demand recovery. Further the company has increased reliance on manufacturing rather than trading in 2024 the inventory level increase because trading requires only finished material to stock and movement of stock if faster in trading whereas in manufacturing the raw material semi-finished stock also increase compared to trading and therefore the inventory level increase in 2024. Moving forward, the company plans to fully focus on manufacturing, necessitating higher inventory days. Consequently, the company's projected inventory days will be 106 days in Fiscal 2025, and 101 days in Fiscal 2026.
Trade receivables	The holding levels of trade receivables increased from 109 days in Fiscal 2022 to 106 days in Fiscal 2023, and further to 125 days in Fiscal 2024. The change was due to long credit allowed by all industry players, which company need to follow to keep it in competition. The rise in holding level Fiscal 2024 was due to the slowdown in the dyeing industry and overall industry trend, which forced the company to extend credit terms with its customers. Looking ahead, we expect trade receivable days to return to previous levels as demand recovers, with projections of 106 days in Fiscal 2025 and 101 days in Fiscal 2026, aligning closely with the levels seen in Fiscal 2023

Interim use of Net Proceeds

The Net Proceeds pending utilisation for the purposes stated in this section, shall be deposited only with scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with Section 27 of the Companies Act, 2013 and other applicable laws, 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.

SECTION V-ABOUT THE COMPANY

OUR BUSINESS

BUSINESS OVERVIEW:

Our Company started its operation in dye industry in the year 2010. We engage in trading and manufacturing activities of different types of dyes and its intermediaries. A significant portion of our revenue is generated from outsourcing our key function i.e. manufacturing of our finished product from our group company Chinmay Chemicals Private Limited. We supply a comprehensive range of products, including reactive, acid, direct, basic, and solvent dyes, as well as dye intermediates. Our products are available in multiple forms, such as standardized spray-dried and tray-dried powders, granules, crude, reverse osmosis-treated products and salt free. Additionally, we provide specialty performance chemicals tailored for the paper industry and textile dyeing. Our diverse product portfolio is designed to cater to both domestic and international markets. Our production facility, located at C-8, GIDC Estate, Naroda, Ahmedabad- 382330, Gujarat, India, has an annual capacity of approximately 30 metric ton per annum. We are committed to maintaining high standards of quality and environmental management, as evidenced by our ISO 9001:2015 and ISO 14001:2015 certifications.

BUSINESS SEGMENTS

- **Through Manufacturing:**

The manufacturing segment of the company focuses on producing a range of dye products, including Acid, Basic, Intermediate, Reactive, Solvent and Direct Dyes, primarily for the textile and paper industries. The company operates at the manufacturing facility that is located at C-8, GIDC Estate, Naroda, Ahmedabad-382330, Gujarat, India with the installed capacity of 30 metric ton per annum. The manufacturing process comprises of several key stages, including Material Procurement, Material Inspection, Inputting, Synthesis, Process Inspection, Drying, Blending, Final Inspection, Packaging, Storage, and Delivery, for more details please refer to Detailing of process flow chart on page 136 of the Draft Red Herring Prospectus.

Product-wise bifurcation for the Fiscal Year 2024, 2023 and 2022 have been provided below:

Product	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
Acid Dyes	24.07	0.39%	-	-	60.24	0.97%
Basic Dyes	5.25	0.08%	-	-	0.46	0.01%
Direct Dyes	184.45	2.96%	65.00	0.86%	72.12	1.16%
Intermediate	31.30	0.50%	176.45	2.33%	-	-
Reactive Dyes	-	-	-	-	-	-
Solvent Dyes	-	-	-	-	-	-
Total	245.07	3.94%	241.45	3.88%	132.82	2.13%

- **Through Trading:**

The trading business of dye products encompasses the sourcing, selling, and transporting of dyes to industries such as textiles and paper manufacturing. The product offerings primarily include Acid, Basic, Reactive, Solvent Dyes, and Direct Dyes, and Intermediate used in the textile industry. A central component of this business is the establishment of supplier relationships, both domestically and internationally, to ensure the availability of quality products at competitive prices. Maintaining an

inventory system is necessary to meet the demands of the paper and textile sectors, which represent the largest consumers of dyes.

The company majorly sources its products for trading from suppliers in Gujarat and China. For trading, these regions serve as our key hubs for the company's procurement activities. Additionally, it mainly sells these products to the customers located in Gujarat, Brazil, and China. The business involves selling to both large entities and manufacturers, thereby accessing a diverse customer base, including niche markets.

Product-wise bifurcation for the Fiscal Year 2024, 2023 and 2022 have been provided below:

Product	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
Acid Dyes	19.65	0.32%	27.47	0.36%	97.38	1.58%
Basic Dyes	9.80	0.16%	144.12	1.90%	78.68	1.28%
Direct Dyes	8.00	0.13%	45.05	0.59%	25.90	0.42%
Intermediate	957.05	15.38%	671.28	8.85%	2,424.64	39.39%
Reactive Dyes	-	-	104.57	1.38%	-	-
Solvent Dyes	-	-	26.09	0.34%	-	-
Total	994.50	15.98%	1,018.59	13.43%	2,626.59	42.68%

- **Through Job Work:**

Our Company has entered into a Job Work Agreement with Chinmay Chemical Private Limited (Chinmay Chemicals), a group company, on May 15, 2024. Under this agreement, our Company supplies raw materials like metaphenylene diamine (MPD), Amino C Acid, Alpha Naphthyl Amine, Mixed Cleves Acid, Soda Ash etc. in bulk, along with specific manufacturing instructions tailored to meet the requirements of our clients. Chinmay Chemicals processes these materials according to the provided specifications, including inputting and synthesizing, and delivering the semi-finished products back to our company. The Chinmay Chemicals is responsible for 70% to 75% of the total manufacturing process.

Upon receipt of the semi-finished products, our Company undertakes the standardization process like drying, blending and packing to convert the materials into finished goods that meet the required quality and performance standards. Following the standardization, the finished products are packaged as per the client's specifications and prepared for delivery. For its role in the production process, Chinmay Chemicals charges our Company a job work processing fee, which is agreed upon in the terms of the Job Work Agreement.

Product-wise bifurcation for the Fiscal Year 2024, 2023 and 2022 have been provided below:

Product	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
Acid Dyes	1,153.32	18.53%	1,085.43	14.31%	663.63	10.78%
Basic Dyes	1.46	0.02%	-	-	5.21	0.08%
Direct Dyes	2,070.34	33.27%	1,805.77	23.81%	1,034.04	16.80%
Intermediate	1,141.05	18.34%	2,240.71	29.54%	404.17	6.57%
Reactive Dyes	442.00	7.10%	75.87	1.00%	-	-

Product	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
Solvent Dyes	170.32	2.74%	1,089.42	14.36%	1,265.49	20.56%
Total	4,978.48	80.00%	6,297.20	83.02%	3,372.53	54.80%

Geographical Presence:

Table set forth below is bifurcation of our revenue across geographies

Country-wise bifurcation-

Country/ State	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
India	5,316.72	85.43%	4,819.04	63.53%	4,118.89	66.92%
Gujarat	5,216.72	83.83%	4,819.04	63.53%	4,107.01	66.73%
Maharashtra	100.00	1.60%	-	-	11.88	0.19%
International						
China	533.49	8.57%	734.84	9.69%	109.79	1.78%
Brazil	170.38	2.74%	1,293.31	17.05%	988.60	16.06%
Marshall Island	111.83	1.80%	537.37	7.08%	782.82	12.72%
Turkey	81.31	1.31%	-	-	97.81	1.59%
USA	4.32	0.07%	35.66	0.47%	34.02	0.55%
Hungary	-	-	137.02	1.81%	-	-
Other operating revenue*	5.27	0.08%	27.78	0.37%	22.79	0.37%
Total	6,223.32	100.00%	7,585.02	100.00%	6,154.72	100.00%

* Other operating revenue includes Duty Drawback, MEIS Incentive, RODTEP Income and Carting Income.

B2B and B2C Revenue distribution:

The company derives its revenue is majorly through B2B segment.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
B2B	6,218.05	99.88%	7,557.24	98.96%	6,127.56	97.58%
B2C	-	-	-	-	4.37	0.07%
Total	6,218.05	99.88%	7,557.24	98.96%	6,131.93	97.65%

Note:- Total revenue from operations includes other operating revenue such as Duty Drawback, RodTEP (for Exports) Income etc which is not included in the above table.

Product Portfolio:

The portfolio of our range of products can be classified as reactive, acid, direct, basic, solvent dyes, dye intermediates and trading. The company focuses on providing non-branded industrial products in the B2B segment. Their products are neither branded under our name nor manufactured through white labelling.

Country/ State	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations	Amount (₹ in Lakhs)	% of revenue from operations
Direct Dye	2,262.79	36.36%	1,915.83	25.26%	1,132.06	18.39%
Intermediate	2,129.40	34.22%	3,112.51	41.03%	2,828.81	45.96%
Acid Dye	1,198.29	19.25%	1,111.97	14.66%	821.23	13.34%
Reactive Dye	442.00	7.10%	174.31	2.30%	0.00	0.00%
Solvent Dye	169.06	2.72%	1,098.49	14.48%	1,265.49	20.56%
Basic Dye	16.51	0.27%	144.12	1.90%	84.34	1.37%
Other operating revenue*	5.27	0.08%	27.78	0.37%	22.79	0.37%
Total	6,223.32	100.00%	7,585.02	100.00%	6,154.72	100.00%

* Other operating revenue includes Duty Drawback, MEIS Incentive, RODTEP Income and Carting Income.

The table set below are list of supplier with country wise bifurcation

Country/ State	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of from Purchases	Amount (₹ in Lakhs)	% of from Purchases	Amount (₹ in Lakhs)	% of from Purchases
India	5,282.22	89.49%	6,742.74	97.66%	4,523.97	91.46%
Gujarat	5,282.22	89.49%	6,742.11	97.66%	4,514.36	91.26%
Maharashtra	-	-	0.63	0.01%	9.61	0.20%
China	499.09	8.45%	59.16	0.86%	422.64	8.54%
Marshall Island	121.77	2.06%	101.81	1.47%	-	-
Total	5,903.08	100.00%	6,903.71	100.00%	4,946.61	100.00%

Procurement of raw materials

We procure raw materials from our suppliers based on purchase orders that are issued by the Purchase and Procurement team and we do not have any purchase agreements or firm commitments executed with them. We primarily source Amino C Acid, Gamma Acid, Mixed Cleaves Acid, Meta Phenylene Diamine, Alpha Naphylamine, Beta Naphthol, BDSA and dye intermediaries to manufacture our products.

Our Business Strengths

➤ R&D capability

The company has employed an employee under R&D department whose role is to develop product samples, the salary for that employee for the Fiscal Year 2022, 2023 and 2024 is ₹ 0.96 lakhs, ₹ 1.26 Lakhs and ₹ 1.37 lakhs. Apart from this expense the company does not have any other R&D expense. The percentage as compared to the revenue is:

Fiscal Year	Revenue from operations (₹ in lakhs)	R&D Expense (₹ in lakhs)	% of revenue from operations
2021-22	6,223.32	0.96	0.02%
2022-23	7,585.02	1.26	0.02%
2023-24	6,154.72	1.37	0.02%

Properties:

Sr. No.	Details of the Properties	Description of properties	Area	Purpose of usage
1.	C-8, GIDC Estate, Naroda, Ahmedabad-382330, Gujarat, India	Agreement dated July 26, 2024, between Gujarat Industrial Development Corporation (Licensor) & Arunaya Organics Limited (Licensee) for a term of 99 years from January 28, 1971.	230.86 Sq. ft.	Registered Office and Manufacturing Facility

Note: The lease deeds are properly stamped and registered.

Plant and Machinery:

The company's manufacturing facility is well equipped with machine tools to handle the production of dyes and its intermediaries. The plant and machinery are owned by the company. Below are the details of few of our machineries to undertake these heavy engineering jobs.

Sr. No.	Description of Plant/ Machinery/ Utility	Quantity/ No. of machinery	Purpose
1.	Vessel 25KL	2	Synthesis/Production
2.	Vessel 13KL	1	Synthesis/Production
3.	Vessel 10KL	1	Synthesis/Production
4.	Vessel 5KL	1	Synthesis/Production
5.	Filter Press 36"x36"x40 Plates	1	Filtration Process
6.	Boiler 0.6TPH	1	Steam generation
7.	Ice Crusher	1	To crush Ice into small flakes
8.	Hot Air Generator	1	To generate hot air for drying
9.	Ball Mill 1MT	1	To mix the dyes
10.	Filter Press 48"x48"x23 Plates	1	Filtration Process
11.	Tray Dryer 200Trays	1	Drying of wet cake
12.	RO 1500 Lit/hr	1	To remove salt from material
13.	Moisture Analyzer Digital Model Bts110D	1	Laboratory equipment (To check the moisture content in dyes)
14.	Spectrophotometer	1	Q&C equipment (To check the purity and shade of finished products)
15.	Lift 1.5MT	1	To move the raw material/finished product from one ground floor to above
16.	Pump	4	To move the liquid material from one vessel to other
17.	Storage Tank 20KL	1	To store liquid materials

Sr. No.	Description of Plant/ Machinery/ Utility	Quantity/ No. of machinery	Purpose
18.	Storage Tank Underground 20KL	1	To store effluent untreated water
19.	Pollution Machinery-Sand Filter + Filter Press + Carbon Filter	1	Effluent treatment Machines
20.	Motor	2	Process machine to run Gears

Information Technology

We believe that an appropriate information technology infrastructure is important to support the growth of our business. We utilize Tally software which support sales, purchase, inventory management and financial reporting in our Company.

Collaboration:

The company has not entered into any agreement or collaboration.

Marketing & Promotion

The following is a disclosure concerning the details of customer repetitions for the Company:

Particulars	2023-24	2022-23	2021-22
Total Number of Customers	61	53	72
Increase in number of customers	8	(19)*	-

** The decrease in customers for dyes and intermediates from 72 in FY 2021-22 to 53 in FY 2022-23 is attributed to factors like market conditions, customer demand, and Company's pricing strategies*

Insurance:

The company has not made any past claim exceeding liability insurance cover in the past three years.

Employees

The company does not have any contractual employees as on the date of Draft Red Herring Prospectus.

HISTORY AND CERTAIN CORPORATE MATTERS

Major Events in the History of our Company

Year	Key Events / Milestone / Achievements
2010	Started the business of trading of dyes and its intermediaries
2012	The company has received a license from the Directorate of Industrial Safety & Health, Gujarat, to operate a factory. Subsequently, we have commenced operations at Unit-I, located at C-8, GIDC Phase-II, Naroda, Ahmedabad-382330, Gujarat.

OUR MANAGEMENT

Brief profile of Directors

Vinod Agrawal, aged 46 years, is the Promoter, Chairman, and Managing Director of our company. He has been associated with the company since its inception. He holds a Bachelor of Science (Chemistry) from St. Xavier's College and Post Graduate Diploma in Business Entrepreneurship and Management with specialization in New Enterprise Creation from Entrepreneurship Development Institute of India. He holds a life membership with the Association of Chemical Technologies (India) based in Ahmedabad. In 2022, he received the Business Icon's Award for his significant contributions to both business and society, presented by Divya Bhaskar. Since 2022, he has been serving on the committee of Startup Srujan Seed Support, a flagship initiative under Startup and Innovation Policy 2.0 launched by the Honourable Chief Minister of Gujarat on January 05, 2022. He has over a decade of experience in the dye industry. Before incorporating Arunaya he worked as a resident director of Asiatic Colour-Chem Industries Limited for market development of Dyes and intermediaries in China, South-East Asia and some parts of Europe from October 2000 to May 2011, where he looked after the market analysis, product development and customer engagement. At Arunaya, he oversees the entire company's operations and sets its strategic direction. His responsibilities include establishing business objectives, devising growth strategies, and ensuring the production of high-quality dyes for the paper, leather, and textile sectors and the other sectors.

Shivali Agrawal, aged 47 years, is the promoter and Executive Director of our company. She has been associated with our company as Executive Director since August 16, 2010 and was handling administrative functions of the Company. She holds a Bachelor of Commerce degree from C.C. Sheth Commerce College, followed by Bachelor of Laws (General and Special) from L.A. Shah Law College, and eventually pursued her Master of Law from I. M. Nanavati Law College.

Ashokbhai Agrawal, aged 78 years, is Non-Executive Director of our company. He holds Diploma in Mechanical Engineering*. He is associated with our company since December 04, 2023 as additional Non- Executive Director, he was re-designated as Non- Executive Director on May 10, 2024. He is the proprietor of Varun Fastners that has been engaged in Nuts and Bolts since 2011. For over 12 years, he has been managing the commercial functions of his proprietorship.

Umesh Menon, aged 53 years, is the Non- Executive Independent Director of our company. He has been associated with our company w.e.f. May 10, 2024. He has a Bachelor of Commerce from L.J. Commerce College, Master of Commerce degree from Gujarat University, Master of Business Administration in Finance from Gujarat University, Ph.D. in Management from Calorx Teacher's University. He is also a Fellow Cost Accountant, enrolled with the Institute of Cost and Works Accountants of India. He has more than 4 years of experience in accounting field#.

** The education details are mentioned as per the application submitted to the respective University. For more details, please refer to Risk Factor No. 22.- Our company lacks documentary evidence for Ashokbhai Agrawal's past educational qualifications, while the experience details of Umesh Menon and Bikash Tarafdar are based on the information provided by the directors.*

The experience details are mentioned as per the documents received from the Director. For more details, please refer to Risk Factor No. 22.- Our company lacks documentary evidence for Ashokbhai Agrawal's past educational qualifications, while the experience details of Umesh Menon and Bikash Tarafdar are based on the information provided by the director.

Profiles of our Key Managerial Personnel

Bikash Tarafdar, aged 33 years, is Chief Financial Officer of our Company. He has been associated with our Company as Chief Financial Officer w.e.f. May 09, 2024. He holds a Bachelor of Commerce degree from Ashvinbhai A Patel Commerce College, Gandhinagar and has cleared his Master of Commerce from Gujarat University. He has 2 years of experience in field of finance, before joining our company he was associated with DEK and Mavericks Infratech Private Limited¹. He is entitled to a remuneration of ₹ 9.60 lakhs per annum.

Tanvi Patel, aged 38 years, is the Company Secretary and Compliance Officer of our Company. She is associated with our organization since May 09, 2024 as Company Secretary and Compliance Officer. She holds a Bachelor of Commerce degree from J. G. College of Commerce and Master of Commerce degree from Gujarat University and is an associate member of Institute of Company Secretaries of India (ICSI). She is responsible for compliance with statutory and regulatory requirements and for ensuring that the decisions of our Board are implemented. She has previous work experience as company secretary, having worked with Rimtex Engineering Private Limited from May 2019 to May 2021 and at Pradhin Limited from August 2022 to April 2024. She is entitled to a remuneration of ₹ 2.40 lakhs per annum.

^{\$}The experience details are mentioned as per the documents received from the Director. For more details, please refer to Risk Factor No. 22.- Our company lacks documentary evidence for Ashokbhai Agrawal's past educational qualifications, while the experience details of Umesh Menon and Bikash Tarafdar are based on the information provided by the directors.

OUR GROUP COMPANY

Promoters

1. Vinod Agrawal
2. Shivali Agrawal

Board of Directors

1. Vinod Agrawal
2. Shivali Agrawal

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

BUSINESS OVERVIEW

Our Company started its operation in dye industry in the year 2010. We engage in trading and manufacturing activities of different types of dyes and its intermediaries. A significant portion of our revenue is generated from outsourcing our key function i.e. manufacturing of our finished product from our group company Chinmay Chemicals Private Limited. We supply a comprehensive range of products, including reactive, acid, direct, basic, and solvent dyes, as well as dye intermediates. Our products are available in multiple forms, such as standardized spray-dried and tray-dried powders, granules, crude, reverse osmosis-treated products and salt free. Additionally, we provide specialty performance chemicals tailored for the paper industry and textile dyeing. Our diverse product portfolio is designed to cater to both domestic and international markets. Our production facility, located at C-8, GIDC Estate, Naroda, Ahmedabad- 382330, Gujarat, India, has an annual capacity of approximately 30 metric ton per annum. We are committed to maintaining high standards of quality and environmental management, as evidenced by our ISO 9001:2015 and ISO 14001:2015 certifications.

COMPARISON OF FINANCIAL YEAR 2024 WITH FINANCIAL YEAR 2023:

Revenue from Operations

The Company's revenue from operations the financial year 2023-24 is ₹ 6,223.32 lakhs compared to the previous financial year's revenue of ₹ 7,585.02 lakhs. The reason for the decrease in revenue is majorly due to decline in export sales due to less global demand for our industry products. The export sales were ₹ 901.33 Lakhs in financial year 2023-24 compared to export sales of ₹ 2,738.20 Lakhs in Financial year 2022-23. Chemical's producers in India are being weighed down by poor demand amid the global economic slowdown and volatile crude price. Further competition from China, also affects local players amid weakness in demand in the Eurozone and the US. Hence the export has suffered in financial year 2023-24 because of destocking by Chinese enterprises, uncharacteristic weakness in the US and Eurozone, and a transient reduction in discretionary income and expenditure owing to a hike in interest rates to calm inflation in major economies of world reduce export of chemical from India.

Gross Profit Margin (In %)

In Fiscal Year 2024, we witnessed a significant increase in profit after tax, driven by an improvement in our gross margin from 14.38% in FY 2023 to 19.16% in FY 2024. This notable growth can be attributed to enhanced operational efficiencies and strategic management of costs. By optimizing our processes and streamlining operations, we were able to boost our profitability without proportionately increasing expenses.

Furthermore, we made a strategic decision to retain some of the benefits from the reduction in raw material costs rather than passing them entirely on to our customers. This approach allowed us to strengthen our gross margin, enhancing our overall financial position. The combination of these factors has not only contributed to a healthier bottom line but has also positioned us for sustained growth in the future.

Profit After Tax (PAT)

Due to the aforementioned factors, the profit experienced an upswing, primarily driven by the decline in total expenses as a percentage of total income. The profit also rose as a result of the decline in raw material prices. The Profit After Tax (PAT) for the financial year 2023-24 reached ₹ 408.42 lakhs, marking a notable increase from ₹ 174.64 lakhs in the financial year 2022-23. In the financial year 2023-24, PAT constituted 6.50% of the total revenue, in contrast to 2.29% in the fiscal year 2022-23.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

II. LITIGATION INVOLVING OUR PROMOTERS

A. Litigation filed against our Promoters

○ Tax Proceedings

The Appeal No. ITA 432/ AHD/ 2024 which has been filed on March 03, 2024 before the Income Tax Appellate Tribunal, at Ahmedabad by the Company has been partly allowed and the order dated January 12, 2024 passed by the Commissioner of Income Tax (Appeals) has been set aside with a further direction to the Commissioner of Income Tax (Appeals) to hold a fresh hearing on the Appeal filed by the Company on merits.

Stage of hearing: Appeal allowed with a direction to Commissioner of Income Tax (Appeals) to hold re-hearing of the Appeal filed by the Company

Next date of hearing: to be fixed by Commissioner of Income Tax (Appeals).

I. LITIGATIONS INVOLVING OUR COMPANY

B. Litigation filed by our Company

○ Other Matters

Our company entered into a transaction with Zhejiang Link Chemicals Co. Ltd. (“**Zhejiang**”) on June 02, 2023 whereby Zhejiang supplied specific raw materials to our company, and in return, our company was obligated to supply finished goods to Zhejiang. Specifically, the company procured Naphthalenol and J Acid from Zhejiang as per invoices dated June 02, 2023, June 07, 2023, and July 13, 2023, amounting to USD 2,42,373.50. In exchange, our company agreed to supply Direct Blue 71 and Direct Black 22, valued at USD 3,28,250.00, with delivery scheduled for March 04, 2024, and May 29, 2024, respectively. Samples for the finished goods were sent to Zhejiang on November 20, 2023, and were approved.

However, subsequent samples sent on March 22, 2024, April 09, 2024, and May 11, 2024, were repeatedly and unjustifiably rejected. On December 09, 2024, Zhejiang lodged a complaint alleging non-payment of outstanding dues. In response, our company issued a legal notice on December 11, 2024, highlighting Zhejiang’s failure to approve and accept the samples, in breach of prior agreements. The notice demanded an explanation for the rejection of the samples, a public retraction of defamatory statements, and compensation for the resulting financial losses and reputational damage.

GOVERNMENT AND OTHER KEY APPROVALS

4. Registration and Approvals under Statutory and Regulatory Act(s):

Sr. No.	Description	Authority	Registration number	Date of issue	Validity
17.	Certificate of verification under the Legal Metrology Act, 2009	Legal Metrology Officer, Office of Controller, Legal Metrology, Gujarat State Certificate of Verification	3224730/AH D/2024/01	September 19, 2024	September 19, 2025

5. Approvals required for setting up of Proposed facility at Dahej GIDC, District Bharuch, Gujarat:

Sr No.	Authority	Approval for	Application Date	Approval Date	Stage at which approvals are required	Status
1.	State Level Environment Impact Assessment Authority*	EC Approval (Environmental Clearance)	June 03, 2024	-	Critical approval	Applied
2.	GPCB*	CTE (Consent to Establish)	June 03, 2024	-	Routine Approval	Applied
3.	GPCB	Consolidated Consent and Authorization	-	-	Routine approval After the commissioning of the project	Yet to apply
4.	Joint Director Industrial Safety & Health, Gujarat	Factory Act License	-	-	Routine approval Before the commissioning of the project	Yet to apply
5.	DGYCL	Electricity Board License	-	-	Routine approval Before the commissioning of the project	Yet to apply

* The company has received Standard Terms of Reference (ToR) to the proposed Project under the EIA Notification 2006- and as amended thereof.

SECTION XI – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Material Documents

- i) Audit Committee Resolution dated August 21, 2024, verifying the key performance indicators (KPI).

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE MANAGING DIRECTOR

Sd/-

Vinod Agrawal
Managing Director

Place: Ahmedabad

Date: January 10, 2025

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE EXECUTIVE DIRECTOR

Sd/-
Shivali Agrawal
Executive Director

Place: Ahmedabad
Date: January 10, 2025

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE NON- EXECUTIVE DIRECTOR

Sd/-

Ashokbhai Agrawal

Non- Executive Director

Place: Ahmedabad

Date: January 10, 2025

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE NON- EXECUTIVE INDEPENDENT DIRECTOR

Sd/-

Umesh Menon

Non- Executive Independent Director

Place: Ahmedabad

Date: January 10, 2025

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE NON- EXECUTIVE INDEPENDENT DIRECTOR

Sd/-

Amita Pragada

Non- Executive Independent Director

Place: Ahmedabad

Date: January 10, 2025

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER

Sd/-

Bikash Tarafdar

Chief Financial Officer

Place: Ahmedabad

Date: January 10, 2025

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER

Sd/-

Shivali Agrawal

Promoter Selling Shareholder

Place: Ahmedabad

Date: January 10, 2025