

## **BASIS FOR ISSUE PRICE**

*Investors should read the following summary with the section titled “Risk Factors”, the details about our Company under the section titled “Our Business” and its financial statements under the section titled “Financial Information of the Company” beginning on page 26, 111 and 157. respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.*

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10.00 each and the Issue Price is 6.8 times of the face value at the lower end of the Price Band and 7.2 times of the face value at the upper end of the Price Band.

### **QUALITATIVE FACTORS**

We believe the following business strengths allow us to successfully compete in the industry:

- a) In-house manufacturing facility with integrated testing and R&D capabilities;
- b) Wide diversified customer base spread across various industries & geography
- c) Long term relationship with the customers; and
- d) Experienced Promoters with Industry Expertise

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled “Our Business” beginning on page 111 of this Red Herring Prospectus.

### **QUANTITATIVE FACTORS**

The information presented below relating to our Company is based on the Restated Consolidated Financial Statements. For details, please refer section titled “Financial Information of the Company” on page 157 of this Red Herring Prospectus.

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

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

As per the Restated Financial Statements:

<b>Sr. No</b>	<b>Financial Year</b>	<b>Basis &amp; Diluted (₹)</b>	<b>Weights</b>
1.	Financial Year ending March 31, 2025	7.30	3
2.	Financial Year ending March 31, 2024	4.27	2
3.	Financial Year ending March 31, 2023	3.90	1
	<b>Weighted Average</b>	<b>5.72</b>	<b>6</b>

#### **Notes:**

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
- ii. The face value of each Equity Share is ₹10.00.
- iii. Earnings per Share has been calculated in accordance with Accounting Standard 20 – “Earnings per Share” issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.
- v. Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of equities shares outstanding during the year/ period
- vi. Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of diluted potential equity shares outstanding during the year/ period.

**2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ 68 to ₹ 72 per Equity Share of Face Value of ₹ 10/- each fully paid up:**

Particulars	(P/E) Ratio at the Floor Price (i.e. Rs. 68)	(P/E) Ratio at the Cap Price (i.e. Rs. 72)
P/E ratio based on the Basic & Diluted EPS, as restated for period ending March 31, 2025	9.32	9.86
P/E ratio based on the Weighted Average EPS, as restated for period ending March 31, 2025	11.89	12.59

Industry P/E Ratio*	(P/E) Ratio
Highest	27.54
Lowest	25.70
<b>Average</b>	<b>26.62</b>

*\*We have mentioned listed peer which falls in the similar line of business as of our Company for broad comparison purpose, however there is a distinction in the product portfolio between our company and those of our selected peer i.e. Polylink Polymers (India) Limited and Deep polymers Limited.*

**Note:**

- i) The P/E ratio of peers has been computed by dividing Market price as on July 17, 2025 with EPS for the F.Y. 2024-25.

**3. Return on Net worth (RoNW)**

Sr. No	Period	RONW	Weights
1.	Period ending March 31, 2025	32.26 %	3
2.	F.Y. ending March 31, 2024	27.85%	2
3.	F.Y. ending March 31, 2023	35.17%	1
	<b>Weighted Average</b>	<b>31.27%</b>	<b>6</b>

**Note:**

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.  
ii. The RoNW has been computed by dividing restated net profit after tax (excluding exceptional items) with restated Net worth as at the end of the year  
iii. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

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

Sr. No	NAV Per Equity Share	(Amount in ₹)
1.	As at March 31, 2025	22.62
2.	As at March 31, 2024	15.33
3.	As at March 31, 2023	11.08
	<b>NAV per Equity Share after the Issue</b>	
4.	At the Floor Price	35.56
5.	At the Cap Price	36.70
6.	At the Issue Price*	[●]

The above NAV has been calculated based on weighted number of shares outstanding at the end of the respective year.

**Notes:**

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.

- ii. *NAV per share=Restated Net worth at the end of the year divided by weighted average number of equity shares outstanding at the end of the year*
- iii. *Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account.*
- iv. *Issue Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.*
- v. *While calculating NAV after the issue, the issue expenses has not been taken into account.*

## 5. Comparison of Accounting Ratios with Industry Peers

(₹ In lakhs)

Name of Company	Current Market Price (₹)	Face Value	EPS (Basic)	EPS (Diluted)	PE	RoNW (%)	Book Value (₹)	Total Revenue (₹ In lakhs)
Mehul Colours Limited	72.00**	10.00	7.30	7.30	9.86	32.26%	22.62	2,371.29
<b>Peer Group</b>								
Polylink Polymers (India) Limited*	26.55	5.00	0.96	0.96	28.00	7.13%	13.52	9,123.33
Deep Polymers Limited*	56.85	10.00	2.13	2.13	25.68	5.75%	38.47	10,091.28

\* We have mentioned listed peer which falls in the similar line of business as of our Company for broad comparison purpose, however there is a distinction in the product portfolio between our company and those of our selected peer i.e. Polylink Polymers (India) Limited and Deep polymers Limited.

\*\* Current Market price for our Company has been assumed as upper price band of the issue i.e. Rs. 72 per equity share.

Notes:

- (i) *Source – All the financial information for listed industry peer mentioned above is sourced from the Financial Results of the aforesaid companies for the year ended March 31, 2024 and stock exchange data dated 17<sup>th</sup> July, 2025 to compute the corresponding financial ratios.*
- (ii) *For our Company, we have taken Current Market Price as the issue price of equity share. Further, P/E Ratio is based on the current market price of the respective scrips.*
- (iii) *The EPS, NAV, RoNW and total Income of our Company are taken as per Restated Financial Statement for the F.Y. 2024-25.*
- (iv) *NAV per share is computed as the closing net worth divided by the weighted average number of paid-up equity shares as on March 31, 2025.*
- (v) *RoNW has been computed as net profit after tax divided by closing net worth.*
- (vi) *Net worth has been computed in the manner as specifies in Regulation 2(1) (hh) of SEBI (ICDR) Regulations, 2018.*

## 6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of our company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated March 24, 2025 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this Red Herring Prospectus. Further, the KPIs herein have been certified by YMS & Co., LLP, Chartered Accountants, by their certificate dated 17<sup>th</sup> July, 2025

The KPIs of our Company have been disclosed in the sections titled **“Our Business”** and **“Basis for Issue Price– Key Performance Indicators”** on pages 111 and 94 respectively. We have described and defined the KPIs as applicable in **“Definitions and Abbreviations”** on page 1 of this RHP.

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

#### Key performance indicators of our Company:

*(Rs. In Lakhs except percentages and ratios)*

Key Financial Performance	FY 2024-25	FY 2023-24	FY 2022-23
Revenue from operations <sup>(1)</sup>	2,282.20	2,193.64	2,117.92
EBITDA <sup>(2)</sup>	688.47	397.03	417.59
EBITDA Margin <sup>(3)</sup>	30.17%	18.10%	19.72%
PAT <sup>(4)</sup>	550.3	321.82	293.96
PAT Margin <sup>(5)</sup>	24.11%	14.67%	13.88%
Net Worth <sup>(6)</sup>	1,706.06	1,155.71	835.76
RoE (%) <sup>(7)</sup>	38.46%	32.32%	42.68%
RoCE (%) <sup>(8)</sup>	43.53%	36.67%	49.41%

#### Notes:

<sup>(1)</sup>Revenue from operation means revenue from sale of products & services and other operating revenues

<sup>(2)</sup>EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income

<sup>(3)</sup>‘EBITDA Margin’ is calculated as EBITDA divided by Revenue from Operations

<sup>(4)</sup> PAT is calculated as Profit before tax – Tax Expenses

<sup>(5)</sup>‘PAT Margin’ is calculated as PAT for the period/year divided by revenue from operations.

<sup>(6)</sup>‘Net worth means Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).

<sup>(7)</sup> Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

<sup>(8)</sup> Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Shareholders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

#### Explanation for KPI metrics:

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.
Net Worth	Net worth is used by the management to ascertain the total value created by the entity and provides a snapshot of current financial position of the entity.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders’ funds.
RoCE (%)	RoCE provides how efficiently our Company generates earnings from the capital employed in the business.

**7. Set forth below are the details of comparison of key performance of indicators with our listed industry peer:**

**(₹ In Lakhs except percentages and ratios)**

Key Financial Performance	Polylink Polymers (India) Limited			Deep polymers Limited		
	FY 2024-25	FY 2023-24	FY 2022-23	FY 2024-25	FY 2023-24	FY 2022-23
Revenue from operations <sup>(1)</sup>	9,032.09	7,466.74	5,036.14	9,817.16	10,528.34	12,045.94
EBITDA <sup>(2)</sup>	344.09	322.58	167.71	1,359.12	1,248.88	1,376.83
EBITDA Margin (%) <sup>(3)</sup>	3.81%	4.32%	3.33%	13.84%	11.86%	11.43%
PAT <sup>(4)</sup>	213.20	173.18	64.41	519.92	714.12	929.57
PAT Margin (%) <sup>(5)</sup>	2.36%	2.32%	1.28%	5.30%	6.78%	7.72%
Net Worth <sup>(6)</sup>	2,990.33	2,781.45	2,608.85	9,041.82	8,527.74	6,717.20
RoE (%) <sup>(7)</sup>	7.39%	6.43%	2.50%	5.92%	9.36%	15.20%
RoCE (%) <sup>(8)</sup>	10.00%	8.31%	3.75%	7.91%	9.14%	11.58%

*Notes:*

<sup>(1)</sup> Revenue from operation means revenue from sales, service and other operating revenues

<sup>(2)</sup> EBITDA is calculated as Profit before tax + Depreciation + Interest - Other Income

<sup>(3)</sup> EBITDA Margin is calculated as EBITDA divided by Revenue from Operations

<sup>(4)</sup> PAT is calculated as Profit before tax – Tax Expenses

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

<sup>(6)</sup> Net worth means Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).

<sup>(7)</sup> Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

<sup>(8)</sup> Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus Long term borrowings and Short term borrowings+ deferred tax liability (net).

**8. Weighted average cost of acquisition**

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

There has been no issuance of Equity Shares during the 18 months preceding the date of this Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

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

There have been no secondary sale/ acquisitions of Equity Shares, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts of shares), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

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

**Secondary Transactions:**

Except as disclosed below, there have been no secondary transactions by the Promoters, members of the Promoter Group or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction, in the last three years preceding the date of this Red Herring Prospectus:

Date of transfer	Name of transferor	Name of transferee	No. of Equity shares	Price Per Equity Share (₹)	Nature of transaction	Total Consideration
July 02, 2025	Mehul Pravinchandra Joshi (Promoter and Chairman and Managing Director)	Amrut Bharat Opportunities Fund - Series I	75,000	48	Cash	36,00,000
		Sunrise India Growth Trust - Sunrise India Growth Fund	1,00,000	48	Cash	48,00,000
		Ms. Priya Vijay Thakkar	62,000	48	Cash	29,76,000
November 29, 2024	Kishan Narayan Bhagat	Pravinchandra Girdharlal Joshi	258	10	Cash	2,580
	Rashmi Rajendra Parab	Usha Pravinchandra Joshi	258	10	Cash	2,580

Weighted average cost of acquisition & Issue price:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor Price* (i.e. ₹ 68)	Cap price* (i.e. ₹ 72)
Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.	NA <sup>^</sup>	NA <sup>^</sup>	NA <sup>^</sup>
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	NA <sup>^^</sup>	NA <sup>^^</sup>	NA <sup>^^</sup>
Weighted average cost of acquisition of primary issuances / secondary transactions as per paragraph 8(c) above	47.91	1.42 times	1.50 times

Note:

<sup>^</sup>There were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) above, in last 18 months from the date of this Red Herring Prospectus.

<sup>^^</sup>There were no secondary sale/ acquisitions as mentioned in paragraph 8(b) above, in last 18 months from the date of this Red Herring Prospectus.

This is a Book Built Issue and the price band for the same shall be published 2 working days before opening of the Issue in all editions of the English national daily newspaper and all editions of Financial Express, a Hindi national daily newspaper, Jansatta and all edition of Pratahakal, a regional newspaper each with wide circulation where the registered office of the company is situated.