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TECHERA ENGINEERING (INDIA) LIMITED

CIN: U29100PN2018PLC179327

Our Company was originally incorporated as a private limited company under the Companies Act, 2013 in the name and style of "Techera Engineering (India) Private Limited" bearing Corporate Identification Number U29100PN2018PTC179327 dated October 03, 2018 issued by the Registrar of Companies, Pune. For further details, please refer to "*Our History and Certain Other Corporate Matters*" beginning on page 102 of the Draft Red Herring Prospectus.

Registered Office: Gat No. 565, Behind Namu Marble & Timbers At Post Velu, Tal. Bhor, Pune, Maharashtra, India - 412205

Contact Person: Pratiksha Kumbhare, Company Secretary & Compliance Officer; **Tel No:** 7620217968 **Email:** cs@techera.co.in; Website: www.techera.co.in;

**OUR PROMOTERS: (I) NIMESH RAMESHCHANDRA DESAI; (II) MEET NIMESH DESAI
(III) KALPANA NIMESH DESAI**

THE ISSUE COMPRISE OF A PUBLIC ISSUE OF 43,77,600 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH FULLY PAID (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARES (INCLUDING A PREMIUM OF ₹ [●]/- PER EQUITY SHARE) AGGREGATING TO ₹ [●]/-LAKHS ("THE ISSUE") BY OUR COMPANY. THE ISSUE COMPRISES A RESERVATION OF WHICH [●] EQUITY SHARES OF ₹10/- EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER RESERVATIONS PORTION AND A NET ISSUE TO THE PUBLIC OF [●] EQUITY SHARES OF ₹10/- EACH IS HEREINAFTER REFERRED TO AS THE NET ISSUE. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] AND [●] RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM ADVERTISED IN ALL EDITIONS OF A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER [●], ALL EDITIONS OF A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER [●] AND REGIONAL MARATHI NEWSPAPER [●] (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED "NSE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE. FOR FURTHER DETAILS, PLEASE REFER TO "*ISSUE STRUCTURE*" BEGINNING ON PAGE 216 OF THIS DRAFT RED HERRING PROSPECTUS.

Potential Bidders may note the following:

- The Following Changes or Updation have been incorporated under the chapter "DEFINITIONS AND ABBREVIATIONS" of the Draft Red Herring Prospectus:**
 - Name of Kalpana Nimesh Desai has been added in the term defining 'Promoters or Our Promoters'.
- The Following Changes or Updation have been incorporated under the chapter "SUMMARY OF THE ISSUE DOCUMENT" of the Draft Red Herring Prospectus:**
 - Under 'SUMMARY OF OUR BUSINESS' revised para with new one.
 - Under 'PROMOTER' name of Kalpana Nimesh Desai has been added.
 - In the table 'DETAILS OF THE HOLDING OF SECURITIES OF PERSONS BELONGING TO THE CATEGORY "PROMOTERS AND PROMOTER GROUP" BEFORE THE ISSUE' Category of Shareholder of Kalpana Nimesh Desai have been shifted from Promoter Group to Promoter.
 - In the table 'WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY EACH OF OUR PROMOTERS IN LAST ONE YEAR' details for Kalpana Nimesh Desai have been added.
 - In the table 'AVERAGE COST OF ACQUISITION' details for Kalpana Nimesh Desai have been added.

- 3. The Following Changes or Updation have been incorporated under the chapter “RISK FACTORS” of the Draft Red Herring Prospectus:**
 - a) In Risk Factor No. 26, the fire NOC part has been added.
- 4. The Following Changes or Updation have been incorporated under the chapter “GENERAL INFORMATION” of the Draft Red Herring Prospectus:**

Under ‘DETAILS OF INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY’ the Secretarial Advisor of the Issue is removed from the Offer Document.
- 5. The Following Changes or Updation have been incorporated under the chapter “CAPITAL STRUCTURE” of the Draft Red Herring Prospectus:**
 - a) In the subheader ‘Details of the Alteration to Capital Structure till Date’ ratio of bonus issue has been added.
 - b) In the subheader ‘Shareholding of the Promoters of our Company’ name and holding of Kalpana Nimesh Desai have been added.
 - c) In the subheader ‘Details of build-up of shareholding of the Promoters’ name and holding of Kalpana Nimesh Desai have been added.
 - d) In the table ‘Following are the details of the holding of securities of persons belonging to the category “Promoters and Promoter Group” before and after the Issue’ name and holding of Kalpana Nimesh Desai have been shifted from Promoter Group to Promoter.
 - e) In the table “The average cost of acquisition of or subscription to Equity Shares by our Promoters is set forth in the table below” before and after the Issue’ name and holding of Kalpana Nimesh Desai have been added.
- 6. The Following Changes or Updation have been incorporated under the chapter “OBJECTS OF THE ISSUE” of the Draft Red Herring Prospectus:**
 - a) Under the Object ‘Funding capital expenditure for the purchase of new machinery’, units of measure of currency have been made consistent.
 - b) Under the Object ‘Funding working capital requirements of the Company’, specific disclosures with respect to change in working capital for the past 3 financial years & stub period have been added. Notes of Estimation of Working Capital requirements have been added. Justification for Trade Receivables, Inventories, Trade Payables has been updated.
- 7. The Following Changes or Updation have been incorporated under the chapter “OUR BUSINESS” of the Draft Red Herring Prospectus:**
 - a) Under the subheader ‘PRODUCT AND PRODUCT RANGE’ Key products definitions added.
 - b) Under the subheader ‘BUSINESS PROCESSES FOR AEROSPACE AND DEFENCE’ source of raw material along with a bifurcation has been added.
 - c) Under the subheader ‘PLACE OF BUSINESS OF THE COMPANY’ name of the lessor has been added.
 - d) Under the subheader ‘OTHER MINOR LINE OF BUSINESS’ has been replaced with “AUTOMATION DIVISION SUMMARY” rationale for using the term Minor has been added.
 - e) Under the subheader ‘CAPABILITIES OF AUTOMATION DIVISION’ elaborate description of company’s automation division has been added.
 - f) Under the subheader ‘BUSINESS PROCESSES FOR AUTOMATION DIVISION’ company’s business process from acquisition of its client to completion of client’s order has been added.
 - g) Under the subheader ‘HUMAN RESOURCES’ company’s number Of Employees For Past Fiscal Years And Stub Period has been added.
- 8. The Following Changes or Updation have been incorporated under the chapter “OUR MANAGEMENT” of the Draft Red Herring Prospectus:**
 - a) In the subheader ‘BRIEF PROFILE OF THE DIRECTORS’ professional field in which the directors have their overall professional experience has been added.
 - b) In the subheader ‘Interest in promotion of Our Company’ name of Kalpana Nimesh Desai has been added.
- 9. The Following Changes or Updation have been incorporated under the chapter “OUR PROMOTERS” of the Draft Red Herring Prospectus:**
 - a) The entire section has been changed to add Kalpana Nimesh Desai as Promoter in all relevant sections requiring changes.
- 10. The Following Changes or Updation have been incorporated under the chapter “OUR PROMOTER GROUP” of the Draft Red Herring Prospectus:**

The Promoter Group belonging to Kalpana Nimesh Desai has been added in the table ‘Natural Persons who form part of our Promoter Group’.
- 11. The Following Changes or Updation have been incorporated under the chapter “STATEMENT OF FINANCIALS INDEBTEDNESS” of the Draft Red Herring Prospectus:**

The term “Business purpose” has been replaced with “working capital requirement”.

12. The Following Changes or Updation have been incorporated under the chapter “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION” of the Draft Red Herring Prospectus:

- a) In the subheader ‘SUMMARY OF MAJOR ITEMS OF INCOME AND EXPENDITURE’ The change in Company’s financial position Comparing FY 23 to FY 22 and significant financial change in stub period compared with FY 23 and FY 22 Compared with FY 21 has been added.
- b) In the subheader ‘Fluctuation in Profit after Tax margin across the years’ factors for fluctuations in Profit after Tax margin has been added.
- c) In the subheader ‘Fluctuation in the Company’s Cost of Material Consumed’ factors for fluctuations in Company’s Cost of Material Consumed has been added.
- d) In the subheader ‘Key components of company’s profit and loss statement’ Cost of materials consumed has been added.

13. The Following Changes or Updation have been incorporated under the chapter “GOVERNMENT AND OTHER APPROVALS” of the Draft Red Herring Prospectus:

In the subheader ‘LICENSES APPLIED FOR’ licenses applied for by the company has been added

Point to be Noted:

There may be additional changes in the relevant pages of the RHP, in order to incorporate the above stated changes.

The information in this Addendum supplements and updates the information in the Draft Red Herring Prospectus, as applicable, and the aforementioned changes are to be read in conjunction with the Draft Red Herring Prospectus. Accordingly, appropriate references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. Unless further updated, the changes pursuant to this Addendum, including the consequent changes to the relevant portions of the Draft Red Herring Prospectus, as a result of the above mentioned changes, there will be suitable updating in the Red Herring Prospectus and the Prospectus, as and when they are filed with the RoC, the SEBI and the Stock Exchange. Investors should not rely on the Draft Red Herring Prospectus or this Addendum for any investment decision and should read the Red Herring Prospectus, as and when it is filed with the RoC, the SEBI and the Stock Exchange before making an investment decision with respect to the Issue.

The Equity Shares issued in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States only to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in the Draft Red Herring Prospectus as “U.S. QIBs”) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be Issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

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.

On behalf of Techera Engineering (India) Limited

Place: Pune
Date: 31/07/2024

Pratiksha Kumbhare
Company Secretary and Compliance Officer

**BOOK RUNNING LEAD MANAGER TO THE
ISSUE**

REGISTRAR TO THE ISSUE



SKI CAPITAL SERVICES LIMITED SEBI Registration No.: INM000012768 Address: 718, Dr Joshi Road, Karol Bagh, New Delhi-110005 Telephone No: +91-011-41189899 Website: skicapital.net Email ID: telipo@skicapital.net Contact Person: Mr. Ghanisht Nagpal	KFIN TECHNOLOGIES LIMITED SEBI Registration No.: INR000000221 Address: Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032. Tel No: +91-40-67162222/ 7961 1000; Email Id : teil.ipo@kfintech.com Investor Grievance Email Id : einward.ris@kfintech.com Contact Person : M Murali Krishna
ISSUE PROGRAMME	
ANCHOR INVESTOR BIDDING DATE	[•]
ISSUE OPENS ON: [•]	ISSUE CLOSES ON: [•]

Our Company may, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date. Our Company, in consultation with the BRLM, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI ICDR Regulations.

TABLE OF CONTENTS

<i>SECTION I – GENERAL</i>	2
DEFINITIONS AND ABBREVIATIONS	2
<i>SECTION II – SUMMARY OF THE ISSUE DOCUMENT</i>	3
<i>SECTION III – RISK FACTORS</i>	4
INTERNAL RISK FACTORS	4
<i>SECTION IV – INTRODUCTION</i>	5
GENERAL INFORMATION	5
CAPITAL STRUCTURE	6
<i>SECTION V- PARTICULARS OF THE ISSUE</i>	8
OBJECTS OF THE ISSUE	8
<i>SECTION VI: ABOUT OUR COMPANY</i>	15
OUR BUSINESS	15
OUR MANAGEMENT	24
OUR PROMOTERS	25
<i>SECTION VII – RESTATED FINANCIAL INFORMATION</i>	27
STATEMENT OF FINANCIALS INDEBTEDNESS	27
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	28
<i>SECTION VIII – LEGAL AND OTHER INFORMATION</i>	31
GOVERNMENT AND OTHER APPROVALS	31

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Terms	Description
Promoters or Our Promoters	Promoters of our Company, being, Nimesh Rameshchandra Desai, Meet Nimesh Desai and Kalpana Nimesh Desai.

SECTION II – SUMMARY OF THE ISSUE DOCUMENT

SUMMARY OF OUR BUSINESS

The company provides Maintenance, Repair, and Overhaul (MRO) services for aircraft engines, which are essential for maintaining operational safety and efficiency in the aerospace industry. The company also has capabilities in the automation of manufacturing lines, including the design and optimization of welding lines, packaging lines, assembly lines, and conveyor systems. These automation processes aim to improve manufacturing efficiency in various applications within the aerospace and defence sectors.

PROMOTERS

The Promoters of our Company are Nimesh Rameshchandra Desai, Meet Nimesh Desai and Kalpana Nimesh Desai. For detailed information, please refer to chapter titled “*Our Promoters*” on page number 146 of this Draft Red Herring Prospectus.

DETAILS OF THE HOLDING OF SECURITIES OF PERSONS BELONGING TO THE CATEGORY “PROMOTERS AND PROMOTER GROUP” BEFORE THE ISSUE:

S. N.	Name of Shareholder	Category of Shareholder	Number of Equity Shares held	Aggregate pre-issue shareholding as a percentage of the paid-up share capital
4.	Kalpana Nimesh Desai	Promoter	5	Negligible

WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY EACH OF OUR PROMOTERS IN LAST ONE YEAR

Name of the Promoters	No. of Shares Acquired	Weighted Average Price (in ₹)
Kalpana Nimesh Desai	5	-

AVERAGE COST OF ACQUISITION

The average cost of acquisition per Equity Share to our Promoters as at the date of this Draft Red Herring Prospectus is:

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in ₹)
Kalpana Nimesh Desai	5	8.2

SECTION III – RISK FACTORS

INTERNAL RISK FACTORS

26. Non-compliance with and changes in, safety, health, factories, import export, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection, factories, import export and labour. These laws and regulations impose controls on air and water discharge, biomedical waste, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our manufacturing processes are also subject to laws and regulations in relation to quality, safety and health.

We are also subject to the laws and regulations governing employees, labour, including in relation to minimum wage and maximum working hours, overtime, working conditions, maternity leave, hiring and termination of employees, contract labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. If we are unable to remain in compliance with all applicable environmental, health and safety and labour laws, including pursuant to either any inadvertent actions or inaction by our Company or factors that may be outside the direct control of our Company, our business, results of operations, financial condition, cash flows and future prospects may be adversely affected.

Under the legal framework we operate in, we are also required to obtain and maintain a number of statutory and regulatory permits, approvals, licenses, registrations and permissions for carrying out our business and operations. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

The Company has applied for a Fire NOC vide application dated 15.04.2024.

We cannot assure you that the relevant regulatory or statutory authorities will not initiate actions against us for carrying out our operations without applying for and holding valid approvals, as applicable. In the event that we are unable to obtain such approvals in a timely manner or at all, our business operations may be adversely affected.

SECTION IV – INTRODUCTION

GENERAL INFORMATION

DETAILS OF INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY

SECRETARIAL EXPERT TO THE ISSUE*
Manthan Negandhi & Co., Company Secretaries
Firm Registration Number: S2018MH640600
Peer Review No.: 3229/2023
Address: Office No.1218, Prasad Chambers, Opera House, Mumbai-400004
Mob: +91-9969296249
Email: partner@mkncs.in
Contact person: CS Manthan Negandhi

**This has been deleted.*

CAPITAL STRUCTURE

Details of the Alteration to Capital Structure till Date

Date of Allotment	No. of Equity Shares or CCPS allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment
27-02-2024	97,14,660	10/-	10/-	Non-Cash	Bonus*

*Allotment on Bonus Issue (Ratio:4:1) of 97,14,660 Equity shares to the following Shareholder on 27-02-2024

Shareholding of the Promoters of our Company

As on the date of this Draft Red Herring Prospectus, our Promoters – Nimesh Rameshchandra Desai, Meet Nimesh Desai and Kalpana Nimesh Desai hold total 69,79,590 Equity Shares representing 57.48% of the pre-issue paid up share capital of our Company.

Details of build-up of shareholding of the Promoters

C. Kalpana Nimesh Desai

Date of Allotment /Acquisition /transaction and when made fully paid up	Nature (allotment/transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue/ Transfer price per Equity Share (in ₹)	Consideration (cash/ other than cash)	% of pre issue capital of Cumulative Shares
20-03-2023	Transfer	1	10	41	Cash	Negligible
27-02-2024	Allotment	4	10	10	Bonus Issue	Negligible

Following are the details of the holding of securities of persons belonging to the category “Promoters and Promoter Group” before and after the Issue:

S. N.	Name of shareholder	Pre-Issue	
		No. of Equity Shares	As a % of Issued Capital
Promoters			
1	Nimesh Rameshchandra Desai	4625610	38.09
2	Meet Nimesh Desai	2353975	19.38
3	Kalpana Nimesh Desai	5	Negligible
Total -A		6979590	57.47
Promoter Group (B):			
1	Jeet Nimesh Desai	5	Negligible
2	Priyanka Meet Desai	5	Negligible
Total-B		10	Negligible
Grand Total (A+B)		69,79,600	57.48

The average cost of acquisition of or subscription to Equity Shares by our Promoters is set forth in the table below:

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in ₹)
Kalpana Nimesh Desai	5	8.2

SECTION V- PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

DETAILS OF UTILIZATION OF ISSUE PROCEEDS

Funding capital expenditure for the purchase of new machinery

Break-up of the estimated costs: The detailed list of plant & machinery to be acquired by our Company is provided below:

(In ₹ lakhs)

S.No	Description & Purpose	Unit	Cost per Unit	Taxes and Other Cost	Total costs	Amount to be utilized from the net proceeds *	Quotation received from	Date of quotation & reference no.
1	Hartford Make 5-Axis Machinery Center Purpose: The term “5-axis” refers to the number of directions in which the cutting tool can move. Used in aerospace industry for precision	1	638.47	191.54	830.02	816.57	Electronica Hitech Machines Tools Private Limited	15.01.2024; Quotation No:PUNE/Hartford/5-axis/YP/23-24/0300
2	3-D Coordinate Measuring Machine “Mega” Purpose: Used for aviation components and critical parts in other industries to ensure precision and correctness.	1	182.50	36.50	219.00	219.00	Accurate Sales & Services Private Limited	13.02.2024; Quotation no:AGIPL/2324/047/153512
3	320 KVA Mahindra Make D. G. Set. Purpose: This generator serves as a backup power source in case of power disconnection	1	23.71	4.27	27.98	27.98	Auto Power Gen. Systems Private Limited	13.02.2024; Quotation No: AP/DGQ/2000/23-24

4	CNC Vertical Machining Center Model: LV 5 Purpose: This machine has a place to keep different tools, and it can change them by itself while working. This helps it make different parts accurately and quickly. Used in aviation industry.	2	62.74	18.82	163.11	163.11	Auto Tech Machines tools Sales and Services	11.11.2023; Quotation No:ATP/QUT/MM/090/2023-24
5	CNC Vertical Machining Center Model: LV 117 Purpose: This machine has a place to keep different tools, and it can change them by itself while working. This helps it make different parts accurately and quickly. Used in aviation industry.	2	76.72	23.02	199.48	199.48	Auto Tech Machines tools Sales and Services	11.11.2023; Quotation No:ATP/QUT/MM/087/2023-24
6	CNC Vertical Machining Center Model: LV 137 Purpose: This machine has a place to keep different tools, and it can change them by itself while working. This helps it make different parts accurately and quickly. Used in the aviation industry.	1	81.03	24.31	105.34	105.34	Auto Tech Machines tools Sales and Services	11.11.2023; Quotation No: ATP/QUT/MM/088/2023-24

7	CNC Vertical Machining Center Model: LV 159 Purpose: This machine has a place to keep different tools, and it can change them by itself while working. This helps it make different parts accurately and quickly. Used in the aviation industry.	1	106.10	31.83	137.94	137.94	Auto Tech Machines tools Sales and Services	11.11.2023; Quotation No: ATP/QUT/MM/089/2023-24
8	Solar PV Rooftop Power System Purpose: This generates electricity and provides sustainable and cost-effective energy solutions for our operations.	1	87.00	12.01	99.01	99.01	Accurate Powertech India Private Limited	13.02.2024, Quotation No: ASP/SOLAR/PROJ/22-23/QTN/1 287
9	Industrial Grade 150kva Online UPS Purpose: Protects machineries from breakdowns caused by electricity fluctuations.	1	28.91	6.35	35.26	35.26	TechnoVision Energy Private Limited	13.02.2024, Quote No. -TEPL-QTN-23-24-1952
10	Industrial Grade 300kva Online UPS Purpose: Protects machineries from breakdowns caused by	1	47.72	10.38	58.10	58.10	TechnoVision Energy Private Limited	13.02.2024, Quote No. -TEPL-QTN-23-24-1954

	electricity fluctuations							
11	Wire Cut Makino U3 Purpose: Utilized in the aerospace industry for precision cutting of various materials, particularly metals.	1	106.33	31.90	138.23	138.23	Makino	13.02.2024
	Total		1441.23	390.92	2013.44	2000.00		

*Rate inclusive of GST, Import Duty, and Transportation Charges.

**Indian rupee equivalent amount based on exchange rate of 1 USD=₹82.765, 1 SGD =₹62.1805 as of March 11, 2024 available at www.oanda.com.

*** A CNC vertical machining center is a computer-controlled workshop tool with vertical spinning bits that come down onto the workpiece. It has a system for storing different tools and can automatically change them as needed. We need more of these machines in different sizes to make more parts faster, especially for the Aviation Industry's increasing demand.

Funding working capital requirements of the Company

c) Working Capital Fluctuations Over Fiscal Years

Fiscal 2022 Compared to Fiscal 2021

In fiscal 2022, our working capital gap significantly increased to Rs 463.45 lakhs from a negative Rs 187.29 lakhs in fiscal 2021. This considerable change is attributed to several factors:

- In fiscal 2022, our revenue was Rs 717.80 lakhs, reflecting a 13.32% decrease from Rs 818.14 lakhs in fiscal 2021. This decline signifies reduced business activity compared to the previous year. Despite the decrease in revenue, trade receivables increased to Rs 234.99 lakhs in fiscal 2022 from Rs 218.65 lakhs in fiscal 2021. The increase suggests extended credit terms with our customers.
- Inventories decreased to Rs 209.32 lakhs in fiscal 2022 from Rs 240.66 lakhs in fiscal 2021, reflecting a reduction of Rs 31.34 lakhs. The high inventory in fiscal 2021 was due to stockpiling during production delays caused by the COVID-19 pandemic. In fiscal 2022, efforts to clear due projects reduced inventory levels.
- Trade payables decreased to Rs 179.79 lakhs in fiscal 2022 from Rs 232.05 lakhs in fiscal 2021. The higher payables in fiscal 2021 were due to extended payment terms with suppliers during the challenging COVID-19 environment. By fiscal 2022, the improved business environment allowed us to pay our suppliers faster.

Fiscal 2023 Compared to Fiscal 2022

In fiscal 2023, the working capital gap increased to Rs 521.20 lakhs from Rs 463.45 lakhs in fiscal 2022. The following factors contributed to this change:

- Revenue increased significantly by Rs 1925.64 lakhs. Despite this growth, the rise in trade receivables of Rs 1693.31 lakhs indicates continued extended credit terms with our customers.
- Inventories increased from Rs 209.32 lakhs in fiscal 2022 to Rs 355.97 lakhs in fiscal 2023, a rise of Rs 146.65 lakhs. This increase reflects higher levels of work-in-progress (WIP) inventories, suggesting increased production activities.
- In fiscal 2023, our trade payables significantly increased from Rs 179.79 lakhs in 2022 to Rs 1097.79 lakhs. This increase is due to following reasons:
- Cash Flow Management: We delayed payments to our suppliers to keep more cash available for other business needs.
- Higher Purchases: We bought more materials and services to handle new work orders, which increased our overall spending. These work orders were received for the first time and went through a trial and balance phase, requiring additional initial purchases to refine processes and ensure quality.

Fiscal 2023 Compared to Period Ending December 2023

For the period ending December 2023, the working capital gap increased significantly to Rs 936.44 lakhs from Rs 521.20 lakhs in fiscal 2023. This increase reflects several key factors:

- Revenue increased by Rs 113.4 lakhs. However, the growth was accompanied by a rise in trade receivables, which increased by Rs 38.76 lakhs. This indicates continued extended credit terms to customers, leading to delayed payments despite higher sales.

- Inventories decreased from Rs 355.97 lakhs in fiscal 2023 to Rs 316.79 lakhs for the period ending December 31, 2023, reflecting a reduction of Rs 39.18 lakhs. This decrease is attributed to clearing up work-in-progress (WIP) inventory, indicating improved efficiency in project completion and inventory management.
- Trade payables decreased significantly during the period ending December 31, 2023. This reduction reflects fewer purchases compared to the previous year. In fiscal 2023, several new orders required a trial-and-error phase, leading to increased purchases and higher trade payables. In the current period, with these initial hurdles overcome, purchasing requirements have normalized, resulting in lower trade payables.

The major reasons behind the increase in the working capital requirements of the company in the forecasted years

1.Expansion in Business Activities

Our business is expanding rapidly as we secure more work orders, leading to a significant increase in working capital requirements. Unlike some other industries, our customers don't pay us in advance. This means we need to have enough money on hand to buy supplies and pay our workers.

To keep up with the new orders, we need to buy raw materials and components right away. Suppliers usually want to be paid promptly. Additionally, our increasing workload requires hiring and retaining skilled workers, which involves recruitment, training, payroll, and compliance costs.

2.Extended Credit terms

Extended credit terms: Our customers do not pay any money in advance, and it usually takes us between 3 to 6 months to complete an order. Once we deliver the order, the payment terms with our customers allow them to pay us within 30 to 60 days. This means there can be a long gap between when we start working on an order and when we receive payment for it.

During this time, we need to cover all the costs of materials, labour, and other expenses without receiving any advance payment. This can put a strain on our finances, as we have to manage our cash flow carefully to ensure we can keep operating smoothly while waiting for customer payments. Therefore, having enough working capital is crucial to bridge this gap and maintain our business operations effectively.

b. Assumptions for our estimated working capital requirements:

The table below sets forth the details of holding levels (with days rounded to the nearest whole number) for the Financial Years ended March 31, 2021, March 31, 2022, March 31, 2023 and for the period ended December 31, 2023 as well as projections for the Financial Year ended March 31, 2024 and March 31, 2025.

Provided below are details of the holding levels (days) for financial years 2024 and 2025:

Particulars	31-03-2021	31-03-2022	31-03-2023	31-12-2023	31-03-2024	31-03-2025
	Restated Audited	Restated Audited	Restated Audited	Restated Audited	Projected	Projected
Trade Receivables	96	119	266	260	215	215
Inventories	1074	226	99	101	142	142
Trade Payables	1036	194	304	256	200	200

Notes:

1. Trade Receivable Holding Days is calculated by dividing Revenue by Trade Receivable and then multiplying the result by the Number of Days.

2. The inventory holding period is calculated by dividing the Cost of Goods Sold (COGS) by the Inventory and then multiplying the result by the Number of Days.

3. The trade payables holding period is calculated by dividing the Cost of Goods Sold (COGS) by the Trade Payables and then multiplying the result by the Number of Days.

Key Justifications for holdings levels:

<p>Trade Receivables</p>	<p>In the recent past three years, we observed significant fluctuations in our trade receivable days.</p> <p>In fiscal year 2021, our trade receivable days were relatively low at 96. This was a result of our strategic shift towards service and design work, which was influenced by the challenges posed by COVID-19. This shift led to a higher percentage of revenue being generated from services and design work, rather than customised products/project manufacturing. One of the key reasons for the lower trade receivable days was that customers of our service/design tend to pay faster than project-based customers. This faster payment cycle contributed significantly to the reduced trade receivable days in fiscal year 2021.</p> <p>In fiscal year 2022, it took us longer to receive payments from customers, with our trade receivable days increasing to 119. This happened because we were expanding our defense and aerospace segments, which meant dealing with larger and more complex contracts. These contracts led to longer payment terms with our clients. Additionally, we started working with customers who had more relaxed payment schedules to keep our relationships with them strong. All these factors together contributed to the longer trade receivable days in fiscal year 2022.</p> <p>In fiscal year 2023, trade receivable days jumped to 266, indicating significant delays in collecting payments from customers. This increase is due to longer payment terms with clients, delays in payments from large contracts, and a shift to customers with more relaxed payment schedules.</p> <p>Looking ahead, we project trade receivable days to decrease to 215 in fiscal year 2024 and remain stable at this level for fiscal years 2025 and 2026. This projected improvement suggests enhanced collection processes and more stringent enforcement of payment terms. Our strategy focuses on optimizing cash flow and maintaining strong customer relationships by ensuring timely collections. This approach is essential for sustaining financial health and operational efficiency, enabling us to manage working capital effectively while continuing to meet customer needs.</p>
<p>Inventories</p>	<p>Over the past three years, we have observed significant fluctuations in our inventory days.</p> <p>In fiscal year 2021, our inventory days were very high at 1,074. This happened because we focused more on providing services instead of selling products due to COVID-19, which meant we bought fewer goods and had lower costs for making those goods (Cost of Goods Sold or COGS). Since inventory days are based on COGS, while receivable days are based on revenue, this change in our business focus made our inventory days look much higher compared to receivable days. Another reason for the high inventory days in 2021 was that we had a lot of products sitting in stock due to delays in production caused by the COVID-19 pandemic.</p> <p>By fiscal year 2022, our inventory days went down a lot to 226. This improvement happened because we worked on finishing projects that were delayed and we also worked on growing our defence and aerospace segments, which led to an increased COGS to about 50% of Revenue, compared to just 10% in fiscal 2021. Since inventory days are based on COGS, this increase in COGS helped reduce our inventory days to 226.</p> <p>In fiscal year 2023, inventory days further decreased to 99, showcasing our improved production and inventory management. This reduction reflects our efforts to enhance operational efficiency and implement effective inventory control practices.</p> <p>Looking ahead, we project inventory days to stabilize at 142 for fiscal years 2024 and 2025. This consistency is indicative of our strategic supply chain management and operational efficiency. Our projections consider anticipated market demand and demonstrate our commitment to maintaining an optimal stock level. This ensures production continuity and meets sales requirements without incurring excessive holding costs. Our strategic approach aims to balance inventory levels, reducing the risk of overstocking while ensuring readiness to fulfil customer orders promptly.</p>

Trade Payables	<p>In the past three fiscal years, we have observed significant fluctuations in our trade payable days.</p> <p>In fiscal year 2021, our trade payable days were exceptionally high at 1,036. This was primarily due to the impact of COVID-19, which led us to shift towards providing services and design work. This shift resulted in lower purchases and subsequently lower Cost of Goods Sold (COGS). Since trade payable days are calculated based on COGS, the lower COGS led to higher trade payables days.</p> <p>In fiscal year 2022, our trade payable days decreased significantly to 194. This happened because we focused more on growing our business in the defence and aerospace sector. This led us to buy more goods, which increased our Cost of Goods Sold (COGS). In fiscal 2022, COGS made up about half of our revenue, compared to just 10% in fiscal 2021. Since trade payable days are calculated based on COGS, this increase in COGS made our trade payable days decrease. Additionally, as things got better in the business world, we decided to pay our suppliers more quickly.</p> <p>In fiscal year 2023, our trade payable days increased slightly to 304. This reflects a temporary extension in payment cycles, which was done to manage our working capital more effectively.</p> <p>Looking ahead, we project trade payable days to further decrease to 256 in fiscal year 2024 and stabilize at 200 days for fiscal years 2025 and 2026. This downward trend and subsequent stabilization indicate our continued efforts to optimize cash flow while maintaining good relationships with our suppliers. Our strategy involves balancing the need for liquidity with timely payments to suppliers, ensuring a healthy supply chain. This approach supports our operational efficiency and financial health, ensuring we can manage our obligations while sustaining strong supplier partnerships.</p>
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SECTION VI: ABOUT OUR COMPANY

OUR BUSINESS

AEROSPACE AND DEFENCE DIVISION SUMMARY

PRODUCT AND PRODUCT RANGE

Key products definitions:

Assembly jig: An assembly jig is a precise, custom-made tool used to hold parts in the correct position during the assembly process. The primary function is to ensure that all sections of the center fuselage fit together perfectly, maintaining the structural integrity and aerodynamic shape of the aircraft. By using the jig, workers can assemble the components with high precision, reducing errors and enhancing the quality of the final product.

Assembly Tooling: Assembly tooling includes all the special tools used to put together airplanes or defense equipment. Besides jigs, it also includes things like clamps, molds, and other devices that help workers put parts together accurately and efficiently. Think of it like all the different tools you'd use to assemble a piece of furniture from a kit—everything that helps you do the job right.

Ground Support Equipment: Ground support equipment (GSE) is all the machines and tools used to take care of airplanes when they're on the ground. This includes things like tractors that tow planes, power units that provide electricity, trucks that refuel the planes, and stairs for passengers to board. GSE makes sure planes are ready for their next flight, properly maintained, fueled, and serviced.

Skin layup tool: A skin layup tool is used to create the outer layers, or "skins," of an aircraft's wings or fuselage. Think of this tool as a large, precisely shaped mold. Layers of material, such as composite fibers or metal sheets, are carefully placed or "laid up" on the mold. These layers are then bonded together, often using heat and pressure, to form a solid, smooth outer surface. The skin layup tool ensures that the outer surfaces of the aircraft are created with high precision and strength. This outer skin is crucial for protecting the aircraft's internal components and providing an aerodynamic surface for flight.

MRO Tool: MRO tools are the tools used to keep airplanes and defense equipment in good shape. MRO stands for Maintenance, Repair, and Overhaul. These tools include things like wrenches, devices that check parts for wear, and specialized equipment for fixing issues. The goal of MRO is to make sure everything works safely and reliably, extending the life of the equipment and keeping it in top condition.

Stretch forming tool: A stretch forming tool is a device used to shape metal sheets into curved surfaces. Imagine you have a flat piece of metal that needs to be shaped into a curved panel, like a part of an airplane's body. The metal sheet is clamped securely at both ends. Then, it is stretched and pulled over a specially designed mold that has the desired shape. As the metal stretches, it conforms to the mold's shape, creating a smooth, curved surface. This tool helps create precise and strong curved metal panels that fit perfectly onto the aircraft, making it more aerodynamic and structurally sound.

BUSINESS PROCESSES

Raw material

Geographical source of Raw Material procured by the Company (in %):

<i>Place of Origin</i>	<i>December 31, 2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>
<i>Maharashtra</i>	<i>90.27</i>	<i>68.19</i>	<i>87.54</i>	<i>76.44</i>
<i>Outside Maharashtra</i>	<i>2.98</i>	<i>30.09</i>	<i>9.11</i>	<i>16.21</i>
<i>Import</i>	<i>6.75</i>	<i>1.72</i>	<i>3.35</i>	<i>7.35</i>

Please refer to the risk factor "10. We depend on third party suppliers for raw materials and other business inputs, which are on a purchase order basis. Such suppliers may not perform, or be able to perform their obligations in a timely manner, or at all and any delay, shortage, interruption, reduction in the supply of or volatility in the prices of raw materials and other business inputs on which

we rely may have a material adverse effect on our business, results of operations, financial condition, cash flows and future prospects.” in the section titled ‘Risk Factors’ on page 18 of this Draft Red Herring Prospectus for detailed disclosure pertaining to our suppliers and other business inputs.

PLACE OF BUSINESS OF THE COMPANY

We operate our business from the following locations:

Description	State	Owned by/ occupation type	Location	Validity	Consideration
Registered Office / Manufacturing Facility	Maharashtra	Jointly owned by <ul style="list-style-type: none"> • Konde Deshmukh Prakash Nathuram • Konde Deshmukh Mohini Prakash • Konde Deshmukh Vikas Nathuram • Konde Deshmukh Mandakini Vikas • Konde Deshmukh Ramesh Nathuram • Konde Deshmukh Mayadevi Ramesh • Bande Hawaldar Sunita Anil Leave/ License Agreement	Gat No. 565, Behind Namo Marble & Timbers, At Post Velu, Tal. Bhor, Pune, Maharashtra 412205	60 months from 01/01/2020 to 31/12/2024	₹6,95,000/- (Indian Rupees Ten Lakhs Only) per Month

AUTOMATION DIVISION SUMMARY

The Company's Automation Division, while a minor business segment, plays a crucial role in advancing industrial and manufacturing processes through targeted automation solutions. This segment is focused on the strategic application of automation technologies to enhance operational efficiency, precision, and scalability for clients across diverse sectors.

Capabilities of the Automation Division:

- Comprehensive Automation Solutions: Spanning the entire lifecycle from design and conceptualization to construction, integration, and commissioning of automation systems. Specializing in assembly lines, conveyor systems, special-purpose machines, material handling equipment, and robotic applications, the division leverages Industry 4.0 technologies, including IoT and AR/VR, to deliver precise and efficient automation solutions.
- Service and Integration: Ensuring that automation systems are seamlessly integrated into clients' existing operations, the division aims to optimize productivity and efficiency across the board.

Product and Service Portfolio:

Offering a broad array of products from industrial robotics to specialized machinery and comprehensive conveyor systems, the division also provides turnkey project solutions. These encompass welding lines, packaging lines, and assembly lines, all integrated with state-of-the-art technologies to enhance operational processes.

Innovation and Adaptability:

The division places a strong emphasis on innovation, employing virtual reality for design validation and process simulation. This forward-thinking approach ensures that all solutions are both future-ready and aligned with clients' evolving needs.

Targeted Industry Applications:

Despite being a minor segment, the Automation Division serves a wide range of industries, including automotive, aerospace, and electronics, by offering tailored solutions that address specific operational challenges and objectives.

Our Company seamlessly integrates its expertise in aerospace and defence tooling with its newfound capabilities in Automation & Robotics Sector. This synergy positions the company as a comprehensive solutions provider, capable of addressing diverse manufacturing and automation needs across different diversified sectors.

Our expertise helps us to be Turnkey System Integrator and solution provider for different sectors and several applications as mentioned under:

1. **Automotive Sector:** We have experience of successfully executing Robotic Welding and Assembly lines for all the major 2,3 & 4 wheeler segments OEM's and their Tier1's. Our major installation and footprints are across complete pan India for various applications.
2. **Appliances Sector:** We were able to deliver the one stop solutions for complete assembly of Washing machines, Refrigerator and AC production lines. This comprises of all the conveyor systems, handling systems, inspection systems, SCADA and report generation along with the part traceability software's.

TYPES OF AUTOMATION SERVICES

Key Highlights of our Company's Automation Services:

1. **Robotic Systems:** Our company designs, manufactures, and integrates robotic systems for applications such as MIG Welding, BIW Spot Welding, and others, aiming to maintain production targets and consistent quality across sectors.
2. **Special Purpose Machines (SPMs):** We standardize SPMs for various operations such as welding and machining, with capabilities in pressing stations and custom applications based on client needs.
3. **Conveyor Systems:** We design and supply various types of conveyor systems like roller and belt conveyors, used widely across industrial sectors to automate processes like assembly and packing.
4. **Material Handling Equipment (MHE):** Our expertise extends to MHE, which includes devices like Pick & Place Gantry Systems and Turntables, utilized in processes from welding to packing.
5. **IoT, SCADA & Traceability:** We integrate and program major PLC products, developing SCADA and traceability software for systems like Production Monitoring Systems and Quality Monitoring Systems to optimize operations in manufacturing industries.

Applications	Customer component	Service and Definition	End Use Industry
Automated Assembly Lines	Washing Machines	Complete design to build solution for assembly of washing machines with integration and programming and SCADA & Traceability	Appliance Industry
Automated Assembly Lines	Washing Machines	Free flow assembly conveyors, Belt conveyors, roller conveyors	Appliance Industry
Automated Assembly Lines	Washing Machines, Refrigerator, Air Conditioner	Testing Loop with overhead conveyors and testing equipment's like vision systems, HVIR, SCRT, Noise Rooms etc Belt and Slat conveyor for sub assembly stations	Appliance Industry
Robotic MIG Welding	Bike Chassis	Robotic MIG Welding Cell with 5 Axis positioner and welding fixtures	Automotive Industry
Robotic Spot Welding	Heavy Duty Lockers	Robotic Spot welding cell with indexers, and welding fixtures	Non-Automotive
Robotic Handling	Pallets for packing line	Robotic system with Vision and conveyor equipment's	FMCG
MHE – Material Handling Equipment's	Chassis	Pick & Place Gantry system	Automotive
MHE – Material Handling Equipment's	Crank Case	Servo enables multi axis indexer	Heavy Earth Moving Equipment's

SPM – Special Purpose Machine	Tubular parts	Laser cutting SPM	Multiple Applications
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BUSINESS PROCESSES FOR AUTOMATION DIVISION

Customer On-boarding Process for Automation



Below is an overview of the key stages in this intricate process:

I. Identification and Outreach:

1. Market Research: - Initiate the on boarding process by conducting thorough market research to identify potential customers in the automation & robotics industry. - Analyse industry trends, customer requirements, and emerging technologies to tailor the approach to specific needs.
2. Prospect Identification: - Identify potential clients based on their operations, requirements, and alignment with the company's capabilities. - Utilize industry networks, conferences, and online platforms to establish initial connections.
3. Initial Outreach: - Initiate contact through personalized communications, highlighting the company's expertise and showcasing relevant projects. - Provide valuable insights into how the company's tooling solutions can address the client's automation needs.

II. Needs Assessment and Customization:

1. Detailed Consultation: - Engage in detailed consultations to understand the client's specific automation requirements, production processes, and quality standards. - Collaborate closely to identify challenges and opportunities within the automation & robotics context. Defining the detailed process flow as per the TACT time and technical requirements.
2. Customized Solutions: - Tailor automation solutions to align with the client's unique specifications and project objectives. - Leverage the company's engineering expertise to propose innovative and efficient system designs. Schematic Line Layout designing as per the space availability at the customer factory premises. Station wise elementary cycle time study & calculation.

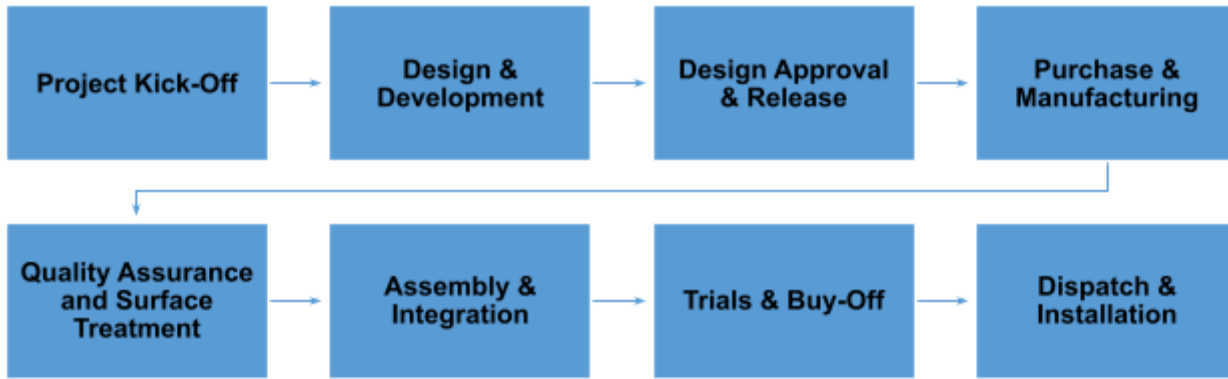
III. Proposal and Negotiation:

1. Detailed Proposal: - Provide a comprehensive proposal that includes detailed specifications, project timelines, and cost estimates. - Clearly outline the value proposition, emphasizing how the proposed automation solutions address the client's challenges.
2. Negotiation and Clarification: - Engage in negotiations to ensure alignment on project scope, pricing, and delivery timelines. - Clarify any technical or contractual details to avoid misunderstandings in later stages.

IV. Purchase Order and Contract Finalization:

1. Purchase Order Issuance: - Upon successful prototype testing and client approval, issue the purchase order to formalize the agreement. - Ensure the purchase order includes detailed specifications, quantities, and delivery terms.
2. Contract Signing: - Finalize the contractual agreements, including terms and conditions, intellectual property rights, and warranties. - Ensure both parties fully understand and agree upon all aspects of the contract. The seamless execution of the customer onboarding process, from identification to purchase order, sets the foundation for a successful partnership in the automation and robotics industry. Effective communication, customization, and a commitment to quality play pivotal roles in establishing lasting relationships with clients in this specialized field.

Project Execution and Process Flow:



1. **Project Kick-Off:** Upon receiving a purchase order or letter of intent, the sales team initiates a kick-off meeting with the Project Management team, outlining all essential details for project commencement. Detailed timelines are established and communicated.
2. **Design & Development:** The design team develops the project configuration from sales inputs and holds a preliminary discussion with the customer for clarity before finalizing the 3D designs using standard design libraries.
3. **Design Approval & Release:** Designs are presented to the customer for approval. Upon receiving feedback and making necessary adjustments, the final design and detailed Bill of Materials (BOM) are approved and prepared for implementation.
4. **Procurement & Coordination:** The procurement team manages the acquisition of parts based on the BOM, optimizing cost and timelines through established supplier relationships.
5. **Quality Assurance and Surface Treatment:** Manufactured components undergo thorough quality checks to ensure compliance with specifications before proceeding to any finishing processes.
6. **Assembly & Integration:** Components are assembled and integrated by specialized teams, ensuring adherence to design specifications through precise mechanical and electrical workmanship.
7. **Trials & Buy-Off:** Integrated systems are tested in the presence of the customer to confirm operational efficacy and adherence to standards, concluding with customer approval for dispatch.
8. **Dispatch & Installation:** Following customer approval and transaction completion, the system is dispatched. The installation team coordinates with the customer for on-site setup and final on-site trials before officially handing over the project.

Key Certifications and Quality Management:

1. **AS9100D:2018 Certification:** This certification is for aerospace quality management systems, enhancing our capabilities in aerospace manufacturing and tooling.
2. **ISO9001:2015 Certification:** We maintain this globally recognized standard for quality management, ensuring that our products and services meet customer and regulatory requirements.
3. **Aligned Processes:** Our company’s processes comply with AS9100D:2018 and ISO9001:2015 standards, ensuring consistency and adherence to best practices from design to customer satisfaction.
4. **Quality Assurance:** Our certifications ensure a strong quality assurance framework, promoting confidence in our precision, reliability, and industry compliance in manufacturing automation systems and equipment.
5. **Continuous Improvement:** We are committed to continuous improvement, adhering to AS9100D:2018 and ISO9001:2015 to adapt and enhance our processes and outputs to meet the dynamic demands of the automation and robotics sectors.

HUMAN RESOURCES

Number Of Employees For Past Fiscal Years And Stub Period

Year	No of Employees
FY 20-21	71
FY 21-22	76
FY 22-23	105
Stub period ending December 2023	145

OUR MANAGEMENT

BRIEF PROFILE OF THE DIRECTORS

Nimesh Rameshchandra Desai, for further details kindly refer to the subsection titled – “Key Managerial Personnel” of this chapter.

Kalpana Nimesh Desai, aged 56, serves as a promoter and non-executive director in our company. She holds a Diploma in Education and has over 9 years of diverse industry experience. Beginning her career in 1992 as a school teacher at NKT Gujarati Medium School, Thane, she worked there for nearly 3 years. In 2010, she joined Jendemark Techcellency Automation (India) Pvt Limited as director, where she spent 5 years overseeing HR policy decisions and ensuring a balance of interests among employees and workers. Since April 2023, she has been associated with TechEra Engineering (India) Limited as a non-executive director. In this role, she addresses issues concerning the implications of company strategies on employees, consumers, and other stakeholders, as well as on the environment and society at large. Her expertise lies in handling decisions related to HR policies and ensuring a fair balance among various stakeholders.

Manish Gupta, aged 51, is an Independent Director at our company. He is a double graduate with an expertise in Sociology and Psychology. He also has an Honorary Doctorate in Business Management. With 25 years of extensive experience in business coaching and consulting, Manish is a seasoned entrepreneur and business mentor known for his ability to empower both individuals and organizations. As a seasoned entrepreneur and business mentor, Manish has a wealth of experience in empowering individuals and organizations. He is the founder of Chrysalis Business Solutions, a firm specializing in business coaching, consulting, and organizational turnaround interventions. In addition to his entrepreneurial ventures, he is a facilitator of self-leadership, conducting numerous Life Leadership Programs, value addition sessions, and motivational talks.

Haridas Nilkanth Bhabad, aged 49, is an Independent Director at our company with a diploma in Electronics and Telecommunication Engineering from Government Polytechnic, Pune, and a postgraduate diploma in Management (Executive) specializing in banking and financial services from MIT School of Distance Education. With 25 years of professional experience, including 14 years in finance advisory, Haridas has a diverse and robust background. He spent ten years as a Maintenance Manager, gaining valuable field experience in managing technical systems and operations. In 2005, Haridas transitioned to financial advisory, founding Capital Den Advisory LLP to assist small businesses in securing funding from banks and financial institutions. In 2020, he expanded his entrepreneurial ventures by establishing Infinity Thermotech Solutions LLP, providing heat treatment services to factories, and Optiedge Tech Solutions LLP, focusing on app development and digital marketing. These ventures demonstrate his ability to innovate and lead across different industries, solidifying his expertise in both technical and financial domains.

INTEREST OF DIRECTORS

Interest in promotion of Our Company

Except Nimesh Rameshchandra Desai and Kalpana Nimesh Desai, who are Promoters of our company, none of our directors have any interest in the promotion of our Company other than in ordinary course of business.


OUR PROMOTERS

The Promoters of our Company are:

S.N.	Name	Category	Shareholding
3.	Kalpana Nimesh Desai	Individual Promoter	5

For details of the build-up of our promoter's shareholding in our Company, see "Capital Structure" beginning on page 54 of this Draft Red Herring Prospectus.

Brief profiles of our Individual Promoters is as under:

	Name	Kalpana Nimesh Desai
	Date of Birth and Age	26/06/1968; 56 Years
	PAN	AIHPD9655P
	Personal Address	A1102, Sun Satellite, Suncity, Anand Nagar, Pune 411051
	Qualification	Diploma in Education
	Directorships & Other Ventures	None
	Experience	10 Years
	Occupation	Business
	No. of Equity Shares & % pre-Issue Shareholding	5 i.e. Negligible of total pre-shareholding

INTEREST OF PROMOTER

Interest as member of Our Company

Our Promoters hold 69,79,590 Equity Shares aggregating to 57.48 % of pre-issue Equity Share Capital in our Company and are therefore interested in the extent of his respective shareholding and the dividend declared, if any, by our Company. Except to the extent of his respective shareholding in our Company and benefits provided to our Promoters given in "Our Management" beginning on page 134 of this Draft Red Herring Prospectus, our Promoters hold no other interest in our Company.

CHANGE IN THE CONTROL OF OUR COMPANY

Except as disclosed below, there has been no change in the management or control of our Company during the last five years preceding the date of this Draft Red Herring Prospectus, the Current Promoters of our Company are Nimesh Rameshchandra Desai, Meet Nimesh Desai and Kalpana Nimesh Desai. Initial subscribers to the MoA of our Company were Sunil Genba Ghare, Sarang Vishnu Kulkarni and Meet Nimesh Desai. Nimesh Rameshchandra Desai and Kalpana Nimesh Desai was not the original promoter of our Company, and they became Promoters, in terms of the SEBI ICDR Regulations, details of which are as follows:

S.No.	Name of Promoters*	Subscription Date	Cessation Date
1.	Sunil Genba Ghare	03/10/2018	12/07/2019
2.	Sarang Vishnu Kulkarni	03/10/2018	28/06/2023
3.	Meet Nimesh Desai	03/10/2018	-
4.	Nimesh Rameshchandra Desai	12/07/2019	-
5.	Kalpana Nimesh Desai	20/03/2023	-

*For details of acquisition of shareholding by our Promoters, please see "Capital Structure" on page 54.

OUR PROMOTER GROUP

A. Natural Persons who form part of our Promoter Group:

The following natural persons being the immediate relatives of our Promoters in terms of the SEBI (ICDR) Regulations 2018 form part of our Promoter Group:

S. No.	Relationship	Kalpna Nimesh Desai
1	Father	Arvind Trivedi
2	Mother	Sunita Trivedi
3	Spouse	Nimesh Rameshchandra Desai
4	Brother	Nilesh Trivedi
5	Sister	Trupti Rambhiya Hema Trivedi Jasmina Dekonda
6	Son	Meet Nimesh Desai Jeet Nimesh Desai
7	Son's spouse	Priyanka Meet Desai
8	Daughter	-
9	Daughter's spouse	-
10	Spouse's Father	Rameshchandra Bhagwanji Desai
11	Spouse's Mother	Sarojben Rameshchandra Desai
12	Spouse's Brother	-
13	Spouse's Sister	Shilpa Desai

RELATIONSHIP OF PROMOTER WITH OUR DIRECTORS

Our Promoters are part of our Board of Directors as Managing Director i.e. Nimesh Rameshchandra Desai and Non Executive Director i.e. Kalpna Nimesh Desai. None of our Promoters are related to any of our Company's Directors within the meaning of Section 2(77) of the Companies Act, 2013, except as disclosed in "Our Management" beginning on page number 93 of this Draft Red Herring Prospectus.

SECTION VII – RESTATED FINANCIAL INFORMATION

STATEMENT OF FINANCIALS INDEBTEDNESS

To,
The Board of Directors,
TechEra Engineering (India) Limited,
Gat No. 565, Behind Namu Marble & Timbers At Post Velu,
Tal Bhor, Pune,
Maharashtra, India, 412205

Dear Sir,

Below is the summary of loans outstanding as at 31st December 2023 in the books of accounts of **TechEra Engineering (India) Limited.**

Name of lender	Date of initiation	Purpose	ROI	Security	Sanction amount (in lakhs)	Loan type	Outstanding amount (in lakhs) as at 31 st December 2023
Small Industries Development Bank of India	29-Nov-21	Working capital requirement	11.50%	Plant & Machinery, Stock & Debtors	200.00	Secured - from Bank	151.17
The Cosmos Co-operative Bank Limited	22-Dec-20	Purchase of plant and machinery	11.50%	Plant & Machinery	170.00	Secured - from Bank	90.69
HDFC Bank Limited	11-Jul-23	Working capital requirement	9.25%	Stock, Debtors, FD, Property and CGTMSE	96.00	Secured - from Bank	85.24
HDFC Bank Limited	11-Jul-23	Working capital requirement	9.25%	Stock, Debtors, FD, Property and CGTMSE	39.95	Secured - from Bank	36.44
HDFC Bank Limited	24-Jun-23	Working capital requirement	9.25%	Stock, Debtors, FD, Property and CGTMSE	400.00	Secured - from Bank	389.59
HDFC Bank Limited	11-Jul-23	Working capital requirement	9.25%	Stock, Debtors, FD, Property and CGTMSE	24.68	Secured - from Bank	20.49
AU Small Finance Bank Limited	01-Oct-22	Vehicle	10.50%	Vehicle	7.87	Secured - from Bank	6.41
Electronica Finance Limited	21-Sep-22	Purchase of plant and machinery	11.25%	Plant & Machinery	47.20	Secured	38.42
Electronica Finance Limited	22-Dec-22	Purchase of plant and machinery	11.25%	Plant & Machinery	44.85	Secured	38.39
Electronica Finance Limited	19-Jul-23	Purchase of plant and machinery	11.25%	Plant & Machinery	79.65	Secured	75.61
DMG Mori Finance GmbH	03-Jul-20	Purchase of plant and machinery	3.50%	Plant & Machinery	169.42	Secured	91.43
Bajaj Finance Limited	08-Jun-22	Working capital requirement	17.00%	NA	26.04	Unsecured	24.59
Cholamandalam Investment and Finance Company Limited	28-Jun-22	Working capital requirement	18.00%	NA	20.00	Unsecured	11.88
Kotak Mahindra Bank Limited	21-Dec-23	Working capital requirement	17.25%	NA	40.00	Unsecured	40.00
Standard Chartered Bank	29-Dec-23	Working capital requirement	16.00%	NA	46.00	Unsecured	46.00
Nimesh Desai	01-Dec-22	Working capital requirement	Nil	NA	NA	Unsecured	158.80
Meet Desai	06-Dec-22	Working capital requirement	Nil	NA	NA	Unsecured	44.09

Further, we confirm that the Company has utilised the loans for the purposes for which they were availed.

For, M/s. NKSC & Co.
Chartered Accountants
Firm Registration No.: 020076N

CA Priyank Goyal
Partner
Membership No.: 521986
UDIN: 24521986BKFKSW5336

Date: May 20, 2024
Place: New Delhi

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Fluctuation in Profit after Tax margin across the years:

The company's profit margins have fluctuated over the past few years, with -0.09% in FY 2021, -87.59% in FY 2022, 4.94% in FY 2023, and 12.28% for the stub period ending December 31, 2023. These fluctuations can be attributed to several factors:

1. Impact of COVID-19 (FY 2021 and FY 2022):

- During FY 2021 and FY 2022, the company's operations, along with the entire aerospace and automation industry, were severely impacted by the COVID-19 pandemic.
- The business did not grow as expected, and the company had to implement various strategies to generate revenue, leading to fluctuations in the percentage of revenue contributed by the automation and aerospace segments in these two years.
- Additionally, the company continued incurring fixed costs and trial-and-error expenses. It eventually decided to focus on the aerospace segment in FY 2022, resulting in a bottom line of ₹628.70 lakh for FY 2022.

2. Recovery and Growth (FY 2023):

- As the situation improved in FY 2023, the company's revenue grew by 268.27% compared to FY 2022, reaching ₹2,643.44 lakh.
- The aerospace segment contributed 71.71% of this revenue, and the company turned profitable, achieving a net profit of ₹130.50 lakh with the PAT Margin being 4.94% for the fiscal year.

3. Stub Period Ending December 31, 2023:

- During the stub period, the company's revenue increased to ₹2,756.58 lakh, with a significant rise in revenue from the automation segment, which constituted 42.29% of the total revenue, as depicted in the Financial Highlights portion of the "Our Business" chapter on Page 110 of the draft offer document.
- The automation sector, being a service vertical, has better margins compared to the aerospace segment, which constituted 57.48% of the revenue for the stub period.
- Additionally, many customers in the aerospace segment are repeat customers. Due to the learning curve benefits and cost savings in areas such as prototypes and sampling, better margins were achieved over time compared to initial engagements with new customers.
- Combining these factors, the company achieved an overall profit margin of 12.28% for the stub period, totalling ₹338.56 lakh.

These variations in profit margins reflect the company's adaptation to external challenges and strategic shifts in focus between its automation and aerospace segments, with both segments witnessing a gradual increase in their contributions.

Fluctuation in the Company's Cost of Material Consumed:

The cost of material consumption varied due to changes in the proportion of sales from the Aerospace and Automation segments in FY 2020-21.

FY 2020-21:

This fiscal year was marked by the COVID-19 pandemic, during which all Aerospace business operations ceased. TechEra's factory was also non-operational in physical mode. The company explored service opportunities, such as design work in the Automation segment, which employees executed remotely. The material costs associated with service revenue were negligible, resulting in a lower overall cost of material consumption for FY 2020-21.

FY 2021-22:

The company received significant development orders from two aerospace clients. The development work included finalizing designs, selecting and finalizing subcontractors, preparing product prototypes, and starting production. This process took over six months, during which the company incurred all related overheads, both direct and indirect, to manage the development work. Consequently, due to these upfront costs the cost of material consumption was higher compared to FY 2020-21.

FY 2022-23:

During this financial year, the company fully entered the automation segment including services such as designing, assembly, installation, trial, commissioning on site and handover providing turnkey capabilities to the Company, helping to control material consumption costs and improve margins compared to FY 2021-22.

The overall changes in the cost of material consumption are attributed to the sales mix of Aerospace and Automation revenues.

Justification for Profit after Tax Margins of Aerospace and Automation Divisions 2022-23 compared with 2020-21

In FY 2020-21 and the stub period ending December 2023, there was a significant contribution to the revenue from the automation segment, with 64.63% in FY 2020-21 and 42.29% in December 2023, but during the stub period, the company's expenses (including employee benefits, finance costs, depreciation and amortization, and other expenses) were 47.83%, compared to 90.39% in FY 2020-21. This was attributable to spending substantial amounts on trial and error expenses for prototypes, sampling, and other costs associated with new customer engagements during FY 20-21. Additionally, the COVID-19 pandemic also had an impact on the Company's profitability.

The EBITDA margin for FY 20-21 and the stub period is consistent at 19.40% and 20.38% respectively, reflecting stable operational performance across both periods. However, the notable difference lies in non-operational expenses (Finance costs and Depreciation and Amortization expenses), which were 20.37% in FY 20-21 compared to 8.69% in the stub period. This reduction in non-operational expenses during the stub period significantly contributed to the increase in PAT margin.

Key components of company's profit and loss statement:

Expenditure

◆ *Cost of materials consumed*

Cost of materials consumed comprises raw material using for aerospace products and automation products. Raw materials consumed represent significant portion of total income. Raw material consumed accounted for 39.86%, 57.94%, 35.10% and 24.88% of our total income for the stub period ended on December 31st 2023 and for the fiscal year ended on March 31st 2023, March 31st 2022 and March 31st 2021. When our in-house capacity is fully booked, we outsource some of the material to our vendors/suppliers and compensate them for their work. For specialized processes that cannot be performed in-house, such as plating and heat treatment, we also rely on external suppliers.

SUMMARY OF MAJOR ITEMS OF INCOME AND EXPENDITURE

FISCAL 2023 COMPARED WITH FISCAL 2022

Revenue from Operation

In 2023, our revenue from operations totalled ₹2643.45 lakhs, with contributions of 71.71% from our aerospace products, 28.00% from automation products, and 0.29% from scrap sales.

We observed a substantial growth of 268.27% in revenue from operations compared to Fiscal 2022, with contribution of growth of 194.73% from aerospace products and 917.97% of automation products and 322.03% from scrap values as compared to fiscal 2022, highlighting the increasing demand and acceptance of our products in aerospace and automation industry. The growth was also because of growth in onboarding customers 392% and retaining customers 227% as compared to fiscal 2022.

Other Income

The decrease in other income, reducing from ₹18.94 Lakhs in Fiscal March 2022 to ₹ 15.69 Lakhs in Fiscal March 2023, representing a downward trend of -17.16 %, can be primarily attributed to duty drawback export incentive.

Cost of materials consumed

The expenditure on materials consumed in Fiscal 2023 accounted for 57.94% of our revenue, marking a 495.77% increase over Fiscal 2022. This substantial rise in material costs reflects our ongoing commitment to product innovation and expansion. A significant portion of this increase is due to trial-and-error expenses incurred as we continually refine and enhance our product offerings.

Changes in Inventories of work in progress

Change in inventories of work in progress was ₹78.98 Lakhs for Fiscal 2022 as compared to a reduction of ₹223.19 lakhs for Fiscal 2023, primarily attributable to a higher inventory of work in progress at the end of Fiscal 2023.

Employee Benefit Expenses

Employee benefit expenses as of March 2023, accounting for 17.50% of our revenue, saw a 38.69% increase over Fiscal 2022. This rise demonstrates our commitment to investing in our workforce, ensuring we have the necessary talent and skills to support business growth and meet expanding operational needs.

Finance Costs

Finance costs increased by ₹28.71 Lakhs or by 36.72% from ₹ 78.19 lakhs in Fiscal 2022 to ₹ 106.9 lakhs in Fiscal 2023. This was due to increase in other borrowing cost and interest expenses on borrowings, statutory dues.

Depreciation and Amortization Expenses

Our depreciation and amortization expense decreased by ₹7.39 lakhs or -3.87%, from ₹190.88 lakhs in Fiscal 2022 to ₹183.49 lakhs in Fiscal 2023. The decrease in depreciation was primarily due to deprecation being charged by using WDV method. During fiscal year 2022 company has made substantial investment in Plant and Machinery of Rs. 417.34 lakhs, whereas in Fiscal year 2023 investment in Plant and Machinery is of Rs.212.37 lacs. This shows the company has invested a lot in developing its core infrastructure there by contributing to increasing in revenue.

Other Expenses

Other expenses increased by ₹ 30.26 lakhs or by 7.18% from ₹421.33 lakhs in Fiscal 2022 to ₹ 451.59 lakhs million in Fiscal 2023. This was primarily due to an increase in job work charges to ₹174.46 lakhs in Fiscal 2023 from ₹98.04 lakhs in Fiscal 2022 primarily to increase in our operations.

Tax Expenses

Our total tax expense increased by ₹1.91 lakhs or by 98.45% from ₹1.94 lakhs in Fiscal 2022 to ₹3.85 lakhs in Fiscal 2023. This was driven by an increase in Deferred tax impact as calculated in accordance with AS 22.

Profit after Tax

For the various reasons discussed above, and following adjustments for tax expense, we recorded an increase in profit; from negative profit of -₹628.70 lakhs in fiscal 2022 to positive profit ₹130.50 lakhs in fiscal 2023. Profit after tax as a percentage of total revenue stood at 4.91% for Fiscal 2023 versus -85.34% for Fiscal 2022.

FISCAL 2022 COMPARED WITH FISCAL 2021

Revenue from Operation

In 2022, our revenue from operations totalled ₹717.80 lakhs, with contributions of 89.61% from our aerospace products, 10.15% from automation products, and 0.25% from scrap sales.

We observed a downward growth of 13.32% in revenue from operations compared to Fiscal 2022, with the contribution of growth of 123.26% from aerospace products and negative growth of -86.41% of automation products and -63.05% from scrap values as compared to fiscal 2021. The drop in revenue is mainly because of the COVID-19 second-wave impact and since our products are capital goods, and as a result, Customers postponed their capital purchases till further visibility in the aviation industry.

Changes in inventories of work-in-progress

Change in inventories of work in progress was ₹-130.26 Lakhs for Fiscal 2021 as compared to ₹78.98 lakhs for Fiscal 2022. More inventories were purchased by the Company in anticipation of a turnaround in Fiscal 2022, primarily attributable to a higher inventory of work in progress at the beginning of Fiscal 2022.

Employee Benefit Expenses

Employee benefit expenses as of March 2022, accounting for 45.54% of our revenue, saw a 53.53% increase over Fiscal 2021. This rise demonstrates our commitment to investing in our workforce, ensuring we have the necessary talent and skills to support business growth and meet expanding operational needs. The company expanded its workforce in anticipation of a post-COVID industry turnaround, while also opting to fully restore salaries that were reduced during the initial wave of the pandemic. This decision has led to a significant increase in salary expenditures.

Finance Costs

Finance costs increased by ₹21.17 Lakhs or by 37.13% from ₹57.02 lakhs in Fiscal 2021 to ₹78.19 lakhs in Fiscal 2022. This was due to increase in interest expenses on borrowings made due to financing of plant and machinery bought by the Company.

Depreciation and Amortization Expenses

Depreciation and amortisation expenses increased to ₹190.88 lakhs in Fiscal 2022, up from ₹111.68 lakhs in Fiscal 2021, indicating investment in long-term assets and infrastructure. The company has significantly increased its assets, leading to a rise in depreciation expenses.

Other Expenses

Other expenses increased by ₹ 38.13 lakhs or by 9.95% from ₹383.2 lakhs in Fiscal 2021 to ₹421.33 lakhs million in Fiscal 2022. This was mainly attributed to higher rent expenses as the landlord reinstated regular rental rates post the COVID-19 period, along with increased rates and taxes, losses on sales, and write-offs of balances/assets.

Profit after Tax

For the various reasons discussed above, and following adjustments for tax expense, we recorded a decrease in profit; from -₹0.76 lakhs in fiscal 2021 to -₹628.70 lakhs in fiscal 2022. This is mainly because of the COVID 19 second wave impact and war like situation impacting defence & aerospace sector activities and also the company has increased its spend on research and manpower hiring.

STUB PERIOD DECEMBER 31, 2023 COMPARED WITH FISCAL 2023

In the stub period ending December 2023, the company experienced a favourable shift in its operations compared to fiscal year 2022-23. This period was marked by an increase in repeat orders for components that were initially manufactured during FY 2022-23. The repeat nature of these orders allowed for more predictable and stable operational expenses. As a result, the company was able to streamline production processes and achieve greater efficiency.

This operational predictability played a significant role in mitigating costs. With production systems already established and the learning curve flattened from the previous fiscal year's efforts, the company could execute orders with reduced overhead and fewer unexpected expenditures. Consequently, even though the increase in revenue was modest, these efficiencies led to an improvement in profitability.

The ability to reuse tooling and apply the knowledge gained from the earlier projects without the need for significant additional investments or alterations meant that the company could capitalize on its prior initiatives, leading to improved financial outcomes.

Additionally, a substantial portion of the trial-and-error expenses included in the Fiscal 2023 cost of materials consumed is not part of the stub period ending December 31, 2023. This reflects a decrease in costs when compared to Fiscal 2024.

SECTION VIII – LEGAL AND OTHER INFORMATION

GOVERNMENT AND OTHER APPROVALS

LICENSES APPLIED FOR:

License Name	Issuing Authority	Status
Fire NOC	Chief Fire Officer, Pune Metropolitan Region Development Authority	Applied