

**DRAFT RED HERRING PROSPECTUS**

Dated: December 26, 2024

Please read section 32 of the Companies Act, 2013

*(This Draft Red Herring Prospectus will be updated upon filing with the RoC)***100% Book Built Offer***(Please scan this QR Code to view the DRHP)***EARTHOOD SERVICES LIMITED****Corporate Identity Number: U93000HR2012PLC047116**

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
12003 to 12005, 12th Floor, Tower B, Emaar Digital Greens, Sector-61, Golf Course Extension Road, Gurgaon - 122011, Haryana, India.	-	Vishaka Jalan <i>Company Secretary and Compliance Officer</i>	Email: <a href="mailto:compliance@earthood.in">compliance@earthood.in</a> Telephone: +91-12 - 44204599	<a href="http://www.earthood.in">www.earthood.in</a>

**THE PROMOTERS OF OUR COMPANY ARE DR. KAVIRAJ SINGH AND ASHOK KUMAR GAUTAM****DETAILS OF THE OFFER TO THE PUBLIC**

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND RESERVATIONS
Fresh Issue and Offer for Sale	Up to 36,00,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs	Up to 42,00,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs	Up to 78,00,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs	This Offer is being made in terms of Regulation 6(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) for not fulfilling the requirements under Regulation 6(1)(a) and (b) of SEBI ICDR Regulations. For further details, see “Other Regulatory and Statutory Disclosures – Eligibility for the Offer” on page 357. For details in relation to share reservation among Qualified Institutional Buyers, Non-Institutional Bidders, Retail Individual Buyers and Eligible Employees, see “Offer Structure” on page 376.

**DETAILS OF OFFER FOR SALE BY THE PROMOTER SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE**

NAME OF THE PROMOTER SELLING SHAREHOLDERS	TYPE	NUMBER OF EQUITY SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*
Dr. Kaviraj Singh	Promoter Selling Shareholder	Up to 27,30,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs	0.98
Ashok Kumar Gautam	Promoter Selling Shareholder	Up to 14,70,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs	0.02

*\*As certified by M/s. Jagdish Chand & Co., Chartered Accountants, by way of their certificate dated December 24, 2024.***RISKS IN RELATION TO THE FIRST OFFER**

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of each Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price, as determined by our Company, in consultation with Book Running Lead Manager, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under “Basis for Offer Price” on page 114 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the Bidders is invited to “Risk Factors” on page 37.

**COMPANY’S AND PROMOTER SELLING SHAREHOLDERS’ ABSOLUTE RESPONSIBILITY**


Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Each Promoter Selling Shareholders, severally and not jointly, accepts responsibility for only such statements specifically confirmed or made by them in this Draft Red Herring Prospectus to the extent such statements pertain to such Promoter Selling Shareholders and/or its respective portion of the Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect. Further, each Promoter Selling Shareholder, severally and not jointly, assumes no responsibility for any other statement in this Draft Red Herring Prospectus, including, inter alia, any of the statements made by or relating to our Company, its business, any other Promoter Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

## LISTING

The Equity Shares to be offered through this Draft Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). For the purposes of the Offer, the Designated Stock Exchange shall be [●]. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC (as defined hereinafter) in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see “Material Contracts and Documents for Inspection” on page 442.

### BOOK RUNNING LEAD MANAGER

NAME AND LOGO	CONTACT PERSON	EMAIL AND TELEPHONE
 <b>Unistone Capital Private Limited</b>	Brijesh Parekh	<b>Tel:</b> +91 022-46046494 <b>E-mail:</b> <a href="mailto:mb@unistonecapital.com">mb@unistonecapital.com</a>

### REGISTRAR TO THE OFFER

NAME AND LOGO	CONTACT PERSON	EMAIL AND TELEPHONE
 <b>Link Intime India Private Limited</b>	Shanti Gopalkrishnan	<b>Telephone:</b> +91 810 811 4949 <b>E-mail:</b> <a href="mailto:earthhood.ipo@linkintime.co.in">earthhood.ipo@linkintime.co.in</a>

### BID/ OFFER PERIOD

ANCHOR INVESTOR BID/ OFFER DATE <sup>(1)</sup>	[●]*	BID/ OFFER OPENS ON <sup>(1)</sup>	[●]	BID/ OFFER CLOSES ON <sup>(2)*</sup>	[●]
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<sup>(1)</sup> Our Company, in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding date shall be one Working Day prior to the Bid/ Offer Opening Date.

<sup>(2)</sup> Our Company, in consultation with the Book Running Lead Manager, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

<sup>(3)</sup> Our Company, in consultation with the Book Running Lead Manager, may consider an issue of specified securities, as may be permitted under applicable law to any person(s) of up to [●] Equity Shares for an amount aggregating up to ₹ 1,000 lakhs, prior to filing of the Red Herring Prospectus with the RoC (“Pre-IPO Placement”). The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

\* The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.



## EARTHOD SERVICES LIMITED

Our Company was incorporated under the provisions of the Companies Act, 1956 as 'Earthood Services Private Limited' pursuant to a certificate of incorporation dated September 14, 2012, issued by Registrar of Companies, Delhi and Haryana at New Delhi. Our Company was converted into a public limited company and the name of our Company was changed to 'Earthood Services Limited' pursuant to a special resolution passed by our Shareholders dated July 09, 2024 and a fresh Certificate of Incorporation issued by the RoC on September 23, 2024. For further details, see "History and Certain Corporate Matters" beginning on page 210.

**Registered Office:** 12003 to 12005, 12th Floor, Tower B, Emaar Digital Greens, Sector-61, Golf Course Extension Road, Gurgaon-122011, Haryana, India.

**Telephone:** +91-12-44204599; **Website:** [www.earthood.in](http://www.earthood.in); **Contact Person:** Vishaka Jalan, Company Secretary and Compliance Officer **E-mail:** [compliance@earthood.in](mailto:compliance@earthood.in);

**Corporate Identity Number:** U93000HR2012PLC047116

## THE PROMOTERS OF OUR COMPANY ARE DR. KAVIRAJ SINGH AND ASHOK KUMAR GAUTAM

INITIAL PUBLIC OFFERING OF UP TO 78,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF EARTHOD SERVICES LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] LAKHS ("THE OFFER") COMPRISING A FRESH ISSUE OF UP TO 36,00,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 42,00,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS ("THE OFFER FOR SALE") BY THE PROMOTER SELLING SHAREHOLDERS, CONSISTING OF UP TO 27,30,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY DR. KAVIRAJ SINGH AND UP TO 14,70,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS BY ASHOK KUMAR GAUTAM, (COLLECTIVELY REFERRED TO AS THE "PROMOTER SELLING SHAREHOLDERS") AND SUCH EQUITY SHARES OFFERED BY THE PROMOTER SELLING SHAREHOLDERS (THE "OFFERED SHARES"). THE OFFER SHALL CONSTITUTE UP TO [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AGGREGATING UP TO ₹ [●] LAKHS (CONSTITUTING UP TO [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINAFTER) ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". OUR COMPANY, IN CONSULTATION WITH THE BRLM, MAY OFFER A DISCOUNT OF ₹ [●] TO THE OFFER PRICE (EQUIVALENT OF ₹ [●] PER EQUITY SHARE) TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●] % AND [●] %, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY, IN CONSULTATION WITH THE BRLM, MAY CONSIDER AN ISSUE OF SPECIFIED SECURITIES, AS MAY BE PERMITTED UNDER APPLICABLE LAW TO ANY PERSON(S) OF UP TO [●] EQUITY SHARES FOR AN AMOUNT AGGREGATING UP TO ₹ 1,000 LAKHS, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC (THE "PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLM. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE AMOUNT RAISED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(b) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED. THE PRE-IPO PLACEMENT, IF UNDERTAKEN, SHALL NOT EXCEED 20% OF THE SIZE OF THE FRESH ISSUE, PRIOR TO THE COMPLETION OF THE OFFER. OUR COMPANY SHALL APPROPRIATELY INTIMATE THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT, PRIOR TO ALLOTMENT PURSUANT TO THE PRE-IPO PLACEMENT, THAT THERE IS NO GUARANTEE THAT OUR COMPANY MAY PROCEED WITH THE OFFER OR THE OFFER MAY BE SUCCESSFUL AND WILL RESULT INTO LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES. FURTHER, RELEVANT DISCLOSURES IN RELATION TO SUCH INTIMATION TO THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT (IF UNDERTAKEN) SHALL BE APPROPRIATELY MADE IN THE RELEVANT SECTIONS OF THE RED HERRING PROSPECTUS AND THE PROSPECTUS. THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF EQUITY SHARES. THE PRICE BAND (INCLUDING EMPLOYEE DISCOUNT, IF ANY) AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLM, AND WILL BE ADVERTISED IN ALL EDITIONS OF [●] AND ALL EDITIONS OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH DAILY NEWSPAPER AND HINDI DAILY NEWSPAPER (HINDI ALSO BEING THE REGIONAL LANGUAGE OF HARYANA, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SUCH ADVERTISEMENT SHALL BE MADE AVAILABLE TO THE BSE AND NSE (TOGETHER WITH THE BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES, IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

In case of any revision to the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company in consultation with the Book Running Lead Manager, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of One (1) Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the respective websites of the BRLM and at the terminals of the Syndicate Member and by intimation to the Self-Certified Syndicate Banks ("SCSBs") other Designated Intermediaries and the Sponsor Bank(s), as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price ("Anchor Investor Portion"), in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders out of which (a) one third of such portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA accounts and UPI ID (in case of UPI Bidders) (as defined hereinafter), in which case the corresponding Bid Amounts will be blocked by the Self-Certified Syndicate Banks ("SCSBs") or under the UPI Mechanism, as applicable to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion of the Offer through the ASBA process. For details, see "Offer Procedure" on page 381

## RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of each Equity Share is ₹ 10. The Floor Price, Cap Price and Offer Price, each as determined by our Company, in consultation with the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, in accordance with the SEBI ICDR Regulations and as stated in "Basis for Offer Price" on page 114, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended, nor approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the Bidders is invited to "Risk Factors" on page 37.

## COMPANY'S AND PROMOTER SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Promoter Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only such statements specifically confirmed or made by such Promoter Selling Shareholders and/or its respective portion of the Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect. Each of the Promoter Selling Shareholders, severally and not jointly, assumes no responsibility as a Promoter Selling Shareholders, for any other statements in this Draft Red Herring Prospectus, including, inter alia, any of the statements made by or relating to our Company, its business any other Promoter Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

## LISTING

The Equity Shares to be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE Limited and National Stock Exchange of India Limited for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the Registrar of Companies, Delhi and Haryana at New Delhi ("RoC") in accordance under Section 26(4) and Section 32 of the Companies Act, 2013. For details of the material contracts and documents that will be available for inspection from the date of this Draft Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 442.

## BOOK RUNNING LEAD MANAGER



UNISTONE

UNISTONE CAPITAL PRIVATE LIMITED  
A/ 305, Dynasty Business Park, Andheri Kurla Road, Andheri East,  
Mumbai - 400 059, Maharashtra, India.

**Telephone:** +91 022-46046494

**Email:** [mb@unistonecapital.com](mailto:mb@unistonecapital.com)

**Investor grievance email:** [compliance@unistonecapital.com](mailto:compliance@unistonecapital.com)

**Contact Person:** Brijesh Parekh

**Website:** [www.unistonecapital.com](http://www.unistonecapital.com)

**SEBI registration number:** INM000012449 **CIN:** U65999MH2019PTC330850

## REGISTRAR TO THE OFFER



LINK INTIME INDIA PRIVATE LIMITED

C-101, 247 Park, L B S Marg, Vikhroli West,  
Mumbai - 400083, Maharashtra, India

**Telephone:** +91 810 811 4949;

**Email:** [earthood.ipo@linkintime.co.in](mailto:earthood.ipo@linkintime.co.in);

**Investor grievance email:** [earthood.ipo@linkintime.co.in](mailto:earthood.ipo@linkintime.co.in)

**Contact Person:** Shanti Gopalkrishnan

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**SEBI Registration Number:** INR000004058 **CIN:** U67190MH1999PTC118368

## BID/ OFFER PROGRAMME

BID/ OFFER OPENS ON

[●]

BID/ OFFER CLOSURES ON

[●] (1)(2)\*

(1) Our Company, in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding date shall be one Working Day prior to the Bid/Offer Opening Date

(2) Our Company, in consultation with the Book Running Lead Manager, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

\* The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Date.

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## SECTION I –GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, circulars, notifications, clarifications, directions, or policies shall be to such legislations, acts, regulations, rules, guidelines, circulars, notifications, clarifications, directions, or policies as amended, updated, supplemented, re-enacted or modified, from time to time and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the same meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the Listing Regulations, the SCRA, the Depositories Act or the rules and regulations made under each of such Acts or Regulations. Further, the Offer related terms used but not defined in this Draft Red Herring Prospectus shall have the meaning ascribed to such terms under the General Information Document. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document, the definitions given below shall prevail.*

*Notwithstanding the foregoing, the terms used in “Industry Overview”, “Key Regulations and Policies”, “Statement of Possible Special Tax Benefits”, “Restated Consolidated Financial Statements”, “Basis for Offer Price”, “Outstanding Litigations and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Main Provisions of Articles of Association”, “History and Certain Corporate Matters”, “Financial Indebtedness”, and “Other Regulatory and Statutory Disclosures” beginning on pages 125, 206, 120, 239, 114, 349, 381, 406, 210, 348 and 356 respectively, will have the meaning ascribed to such terms in those respective sections.*

#### General Terms

Term	Description
“our Company” or “the Company” or “Earthood” or “the Issuer”	Earthood Services Limited, a public limited company incorporated under the Companies Act and having its registered office at 12003 to 12005, 12th Floor, Tower B, Emaar Digital Greens, Sector-61, Golf Course Extension Road, Gurgaon - 122011, Haryana, India
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company

#### Company Related Terms

Term	Description
“Articles of Association” or “AoA” or “Articles”	Articles of association of our Company, as amended from time to time
“Audit Committee”	Audit committee of our Board, as described in “ <i>Our Management - Committees of the Board – Audit Committee</i> ” beginning on page 224
“Auditors” or “Statutory Auditors”	The current statutory auditors of our Company, namely, M/s. Jagdish Chand & Co., Chartered Accountants
“Board” or “Board of Directors”	The board of directors of our Company as described in “ <i>Our Management – Board of Directors</i> ” beginning on page 217
“Chairperson”	The chairperson of our Company, being, Ashok Kumar Gautam. For further details, see “ <i>Our Management – Board of Directors</i> ” beginning on page 217

<b>Term</b>	<b>Description</b>
“Chief Executive Officer”/ “CEO”	The chief executive officer of our Company, being Dr. Kaviraj Singh. For further details see, “ <i>Our Management – Key Managerial Personnel and Senior Management</i> ” beginning on page 229
“Chief Financial Officer”/ “CFO”	The chief financial officer of our Company, being Manish Singh Negi. For further details see, “ <i>Our Management – Key Managerial Personnel and Senior Management</i> ” beginning on page 229
“Committee(s)”	Duly constituted committee(s) of our Board as described in “ <i>Our Management – Committees of the Board</i> ” beginning on page 224
“Company Secretary and Compliance Officer”	The company secretary and compliance officer of our Company, being Vishaka Jalan. For further details see, “ <i>Our Management – Key Managerial Personnel and Senior Management</i> ” beginning on page 229
“Corporate Social Responsibility Committee”	The corporate social responsibility committee of our Board as described in “ <i>Our Management - Committees of the Board – Corporate Social Responsibility Committee</i> ” beginning on page 228
“CRISIL MI&A”	CRISIL Market Intelligence & Analytics, a division of CRISIL Limited, appointed by the Company pursuant to the letter dated May 09, 2024
“CRISIL Report”	The Industry Report titled “Assessment of ESG Advisory Services and Carbon Markets” dated December 2024 prepared and issued by CRISIL MI&A, a division of CRISIL Limited, which has been commissioned and paid for by our Company exclusively in connection with the Offer, a copy of which will be available on the website of our Company at <a href="https://www.earthhood.in/investor">https://www.earthhood.in/investor</a> from the date of this Draft Red Herring Prospectus until the Bid/Offer Closing Date
“Director(s)”	Director(s) on our Board, as appointed from time to time. For further details see, “ <i>Our Management – Board of Directors</i> ” beginning on page 217
“Earthood UK”	Earthood UK Limited
“Earthood Turkey”	Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Şirketi
“Earthood Russia”	Earthood Rus LLC
“Earthood UAE”	Earthood Green Environmental Consultants and Studies LLC
“Equity Shares”	Unless otherwise stated, equity shares of face value of ₹10/- each of our Company
“ESOP 2023” / “ESOP Scheme”	Earthood Service Employees Stock Option Scheme, 2023
“Executive Director(s)”	Executive director(s) on our Board
“Group Company”	The companies identified as ‘group company’ in accordance SEBI ICDR Regulations, as disclosed in section “ <i>Group Companies</i> ” of page 236
“Independent Director(s)”	The Independent director(s) of our Company, appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as described in “ <i>Our Management – Board of Directors</i> ” beginning on page 217
“Key Managerial Personnel” or “KMP”	Key managerial personnel of our Company shall have the meaning as set out under Regulation 2(1)(bb) of the SEBI ICDR Regulations and in terms of the section 2(51) of the Companies Act as described in “ <i>Our Management – Key Managerial Personnel</i> ” beginning on page 229
“Materiality Policy”	The policy adopted by our Board on December 17, 2024, for determining identification of (a) group companies; (b) material outstanding litigations; and (c) outstanding dues to material creditors, pursuant to the disclosure requirements of the SEBI ICDR Regulations
“Material Subsidiary”	Earthood UK Limited  Solely for the purposes of disclosures in “ <i>Government and Other Approvals</i> ” section, such subsidiary of our Company has been identified as material subsidiary.

<b>Term</b>	<b>Description</b>
“Memorandum of Association” or “MoA”	Memorandum of association of our Company, as amended from time to time
“Nomination and Remuneration Committee”	The nomination and remuneration committee of our Board as described in “ <i>Our Management - Committees of the Board – Nomination and Remuneration Committee</i> ” beginning on page 226
“Non-Executive Director(s)”	Non-executive director(s) of our Company. For further details, see “ <i>Our Management – Board of Directors</i> ” beginning on page 217
“Promoter(s)”	Our Promoters, namely Dr. Kaviraj Singh and Ashok Kumar Gautam. For further details, see “ <i>Our Promoters and Promoter Group</i> ” beginning on page 233.
“Promoter Group”	Individuals and entities which constitute the promoter group of our Company in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in “ <i>Our Promoters and Promoter Group</i> ” on page 233
“Promoter Selling Shareholders”	Collectively, Dr. Kaviraj Singh and Ashok Kumar Gautam
“Registered Office”	The registered office of our Company situated at 12003 to 12005, 12th Floor, Tower B, Emaar Digital Greens, Sector-61, Golf Course Extension Road, Gurgaon - 122011, Haryana, India,
“Registrar of Companies” or “RoC”	Registrar of Companies, Delhi and Haryana at New Delhi
“Restated Consolidated Financial Statements” or “Restated Consolidated Financial Information”	Restated consolidated financial Statements of our Company and its Subsidiaries, comprising of the restated consolidated statement of assets and liabilities as at September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of profit and loss (including other comprehensive income) as at September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of changes in equity and the restated consolidated statement of cashflows as at and for the six months period ended September 30, 2024, March 31, 2024, March 31, 2023, March 31, 2022, respectively, prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, and restated in accordance with requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 (as amended), the SEBI ICDR Regulations (as amended) and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI
“Shareholders”	Equity Shareholder(s) of our Company from time to time
“Senior Management Personnel” or “SMP”	The Senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in “ <i>Our Management – Senior Management Personnel</i> ” on page 229
“Stakeholders’ Relationship Committee”	The Stakeholders’ relationship committee as described in “ <i>Our Management – Committees of the Board – Stakeholders Relationship Committee</i> ” on page 228
“Subsidiaries”	The subsidiaries of our Company namely Earthood UK, Earthood Turkey, Earthood Russia and Earthood UAE, as described in “ <i>History and Certain Corporate Matters - Our Subsidiaries</i> ” beginning on page 212



## Offer Related Terms

<b>Term</b>	<b>Description</b>
“Abridged Prospectus”	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by SEBI in this behalf
“Acknowledgement Slip”	The slip or document issued by the relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
“Allot” or “Allotment” or “Allotted”	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to successful Bidders.
“Allotment Advice”	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
“Allottee”	A successful Bidder to whom the Equity Shares are Allotted
“Anchor Investor”	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹1,000.00 Lakhs
“Anchor Investor Allocation Price”	The price at which Equity Shares will be allocated to Anchor Investors during the Anchor Investor Bid/Offer Period in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the Book Running Lead Manager
“Anchor Investor Application Form”	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion in accordance with the requirements specified under the SEBI ICDR Regulations and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
“Anchor Investor Bid/Offer Period” or “Anchor Investor Bidding Date”	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the Book Running Lead Manager will not accept any Bids from Anchor Investors and allocation to Anchor Investors shall be completed
“Anchor Investor Offer Price”	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the Book Running Lead Manager
“Anchor Investor Pay – in Date”	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and, in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date
“Anchor Investor Portion”	Up to 60% of the QIB Portion, which may be allocated by our Company in consultation with the Book Running Lead Manager, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
“Application Supported by Blocked Amount” or “ASBA”	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account and includes applications made by RIBs using the UPI Mechanism where the Bid Amount was blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
“ASBA Account”	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which was blocked

<b>Term</b>	<b>Description</b>
	upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism
“ASBA Bid”	A Bid made by an ASBA Bidder
“ASBA Bidders”	All Bidders except Anchor Investors
“ASBA Form”	An application form, whether physical or electronic, which shall be used by ASBA Bidders to submit Bids and shall be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
“Banker(s) to the Offer”	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s)
“Basis of Allotment”	The basis on which Equity Shares will be Allotted to successful Bidders under the Offer as described in “Offer Procedure” beginning on page 381 of this Draft Red Herring Prospectus
“Bid(s)”	An indication by an ASBA Bidder to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form , to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, and in terms of this Red Herring Prospectus and the Bid cum Application Form.  The term “Bidding” shall be construed accordingly
“Bid Amount”	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of RIBs Bidding at the cut-off price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.  Eligible Employees applying in the Employee Reservation Portion can apply at the Cut Off Price and the Bid Amount shall be the Cap Price (net of Employee Discount, if any), multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form.  The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Only in the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000.
“Bid cum Application Form”	Anchor Investor Application Form or the ASBA Form, as the context requires
“Bid Lot”	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
“Bid/ Offer Closing Date”	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of [●] (English daily newspaper all editions of a Hindi daily newspaper (Hindi being the regional language of Haryana, where our Registered Office is located), each with wide circulation  Our Company in consultation with the Book Running Lead Manager, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer

<b>Term</b>	<b>Description</b>
	Closing Date in accordance with the SEBI ICDR Regulations. In case of any revisions, the revised Bid/ Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges and shall also be notified on the websites of the Book Running Lead Manager and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Banks, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date will be published, as required under the SEBI ICDR Regulations
“Bid/ Offer Opening Date”	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting bids, being [●] (which shall be published in all editions of [●] English daily newspaper all editions of a Hindi daily newspaper (Hindi also being the regional language of Haryana, where our Registered Office is located), each with wide circulation
“Bid/ Offer Period”	Except in relation to any Bids the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations, provided that such period shall be kept open for a minimum of three Working Days.  Our Company in consultation with the Book Running Lead Manager, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations
“Bidder or Applicant”	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder and an Anchor Investor.
“Bidding Centres”	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
“Book Building Process”	The book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
“BookRunning Lead Manager” or “BRLM” or “Lead Manager”	The book running lead manager to the Offer namely, Unistone Capital Private Limited
“Broker Centres”	The broker centres notified by the Stock Exchanges where Bidders could submit the ASBA Forms to a Registered Broker (in case of UPI Bidders, only using UPI Mechanism).  The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
“CAN” or “Confirmation Allocation Note”	The note or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date
“Cap Price”	The higher end of the Price Band, above which the Offer Price and Anchor Investor open price will not be finalised and above which no Bids will be accepted. The Cap Price shall be at least 105% of the Floor Price and shall not exceed 120% of the Floor Price.
“Cash Escrow and Sponsor Bank Agreement”	The cash escrow and sponsor bank agreement to be entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLM, the Banker(s) to the Offer, the Syndicate Member, for, among other things, collection of the Bid Amounts from the Anchor Investors transfer of funds to the Public Offer

<b>Term</b>	<b>Description</b>
	Account, and where applicable, refunds of the amounts collected from Anchor Investors, on the terms and conditions thereof
“Client ID”	The client identification number maintained with one of the Depositories in relation to demat account
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids from relevant Bidders at the Designated CDP Locations in terms of the SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE, as updated from time to time
“Cut-off Price”	The Offer Price, finalized by our Company in consultation with the Book Running Lead Manager, which shall be any price within the Price Band.  Only RIBs Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
“Demographic Details”	Details of the Bidders including the Bidders’ address, name of the Bidders’ father/husband, investor status, occupation, bank account details, PAN and UPI ID, wherever applicable
“Designated CDP Locations”	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com),
“Designated Date”	The date on which funds from the Escrow Account(s) are transferred to the Public Offer Account(s) or the Refund Account(s), as the case may be and instructions are issued to the SCSBs (in case of UPI Bidders using UPI Mechanism, instruction issued through the Sponsor Bank(s)) for the transfer of amounts blocked in the ASBA Accounts to the Public Offer Account(s) or the Refund Account, as the case maybe, in terms of this Red Herring Prospectus and Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Equity Shares will be Allotted to successful Bidders in the Offer
“Designated Intermediary(ies)”	Collectively, the members of the Syndicate, sub-Syndicate or agent, SCSBs (others than in relation to RIBs using the UPI mechanism), Registered Brokers, CDPs and RTA, who are authorized to collect Bid cum Application Forms from the relevant Bidders, in relation to the Offer in relation to ASBA Forms submitted by RIIs and Non-Institutional Investors bidding with an application size of upto ₹5.00 Lakhs (not using the UPI Mechanism) and by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.  In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs and RTAs.  In relation to ASBA Forms submitted by QIBs and Non-Institutional Investors (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.
“Designated RTA Locations”	Such locations of the RTAs where Bidders could submit the ASBA Forms to RTAs.

<b>Term</b>	<b>Description</b>
	The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) ).
“Designated Branches”	SCSB Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognizedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognizedFpi=yes&amp;intmId=35</a> , or at such other website as may be prescribed by SEBI from time to time
“Designated Stock Exchange”	[●]
“Draft Red Herring Prospectus” or “DRHP”	Herring The draft red herring prospectus dated December 26, 2024 filed with SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the offer, including any addenda or corrigenda thereto
“Eligible Employees”	Permanent employees, working in India (excluding such employees who are not eligible to invest in the Offer under applicable laws), of our Company or; or a Director of our Company, whether whole-time or not, as on the date of the filing of the Red Herring Prospectus with the RoC and on date of submission of the Bid cum Application Form, but not including (i) Promoters; (ii) persons belonging to the Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the Equity Shares of our Company.  The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000
“Eligible FPI(s)”	FPI(s) that are eligible to participate in the Offer in terms of applicable law and from such jurisdictions outside India where it is not unlawful to make an Offer/ invitation under the offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitute an invitation to purchase the Equity Shares
“Eligible NRI(s)”	NRI(s) eligible to invest under FEMA Regulation, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
“Employee Discount”	Our Company may, in consultation with the BRLM, offer a discount of up to [●]% to the Offer Price (equivalent of ₹[●] per Equity Share) to Eligible Employee(s) Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date
“Employee Reservation Portion”	The portion of the Offer being up to [●] Equity Shares aggregating ₹ [●] Lakhs which shall not exceed 5% of the post-Offer Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis
“Escrow Account(s)”	The no-lien and non-interest bearing account(s) to be opened with the Escrow Collection Bank(s) and in whose favour Bidders (excluding the ASBA Bidders) will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid

<b>Term</b>	<b>Description</b>
“Escrow Bank”	Collection Bank(s) which are clearing member(s) and registered with SEBI as banker(s) to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account(s) will be opened, in this case being [●]
“First Bidder or Sole Bidder”	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
“Floor Price”	Lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Offer Price will be finalized and below which no Bids will be accepted
“Fraudulent Borrower”	Fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
“Fresh Issue”	<p>Fresh issue of up to 36,00,000** Equity Shares aggregating to ₹ [●] Lakhs by our Company</p> <p>**Our Company, in consultation with the BRLM, may consider a private placement for cash consideration aggregating up to ₹ [●] Lakhs, prior to filing of the red herring prospectus with the ROC (the “Pre-IPO Placement”). The price of the specified securities allotted pursuant to the Pre-IPO Placement shall be determined, by our Company, in consultation with the BRLM. Prior to the completion of the Offer if the Pre-IPO Placement is undertaken, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result in listing of the Equity Shares on the stock exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue.</p>
“Fugitive Economic Offender”	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
“General Information Document” or “GID”	The General Information Document for investing in public issues, prepared and issued, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLM
“Gross Proceeds”	The gross proceeds of the Fresh Issue which will be available to our company
“Monitoring Agency”	[●], being a credit rating agency registered with SEBI
“Monitoring Agency Agreement”	The monitoring agency agreement to be entered into between our Company and the Monitoring Agency
“Mobile App(s)”	The mobile applications listed on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognizedFpi=yes&amp;in tmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognizedFpi=yes&amp;in tmId=43</a> or such other website as may be updated from time to time, which may be used by UPI Bidders to submit Bids using the UPI Mechanism
“Mutual Fund Portion”	The portion of the Offer being 5% of the net QIB Portion consisting of [●] Equity Shares of face value of ₹10 each which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price

<b>Term</b>	<b>Description</b>
“Mutual Funds”	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“Net Offer”	The Offer, less the Employee Reservation Portion
“Net Proceeds”	The proceeds of the Fresh Issue less our Company’s share of the Offer expenses. For further details, see “Objects of the Offer” beginning on page 99
“Net QIB Portion”	QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors
“Non-Institutional Bidders” or “Non-Institutional Investors”/ “NIIs”	All Bidders that are not QIBs (including Anchor Investors) or Retail Individual Investors, or the Eligible Employees Bidding in the Employee Reservation Portion, who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
“Non-Institutional Category/ Portion”	The portion of the Offer being not more than 15% of the Net Offer consisting of [●] Equity Shares of face value of ₹10 each, available for allocation to Non-Institutional Investors, of which one-third shall be available for allocation to Bidders with an application size of more than ₹ 2,00,000 and up to ₹ 10,00,000 and two-thirds shall be available for allocation to Bidders with an application size of more than ₹10,00,000 provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors subject to valid Bids being received at or above the Offer Price.
“Non-Resident”	Person resident outside India, as defined under FEMA and includes NRIs, FVCIs and FPIs
“Offer”	Initial public offering of up to 78,00,000 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] Lakhs. The Offer comprises the Fresh Issue, Offer for Sale and the Employee Reservation Portion. For further information, see “The Offer” beginning on page 70.
“Offer Agreement”	Offer Agreement dated December 26, 2024 entered amongst our Company, the Promoter Selling Shareholders and the Book Running Lead Manager, pursuant to which certain arrangements have been agreed to in relation to the Offer
“Offer for Sale”	The offer for sale of upto 42,00,000 Equity Shares aggregating to ₹ [●] Lakhs by the Promoter Selling Shareholders in the Offer
“Offer Price”	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price, in terms of the Red Herring Prospectus.  The Offer Price will be decided by our Company, in consultation with the Book Running Lead Manager, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus
“Offer Proceeds”	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to each of the Promoter Selling Shareholders, in proportion to the respective portion of the Offered Shares. For further information about use of the Offer Proceeds, see “Objects of the Offer” beginning on page 99.
“Offered Shares”	Up to 42,00,000 Equity Shares of face value of ₹10 each aggregating to ₹ [●] Lakhs being offered by the Promoter Selling Shareholders in the Offer for Sale.
“Pre-IPO Placement”	Our Company, in consultation with the BRLM, may consider a private placement for cash consideration aggregating up to ₹ 1,000 Lakhs, prior to filing of the Red Herring Prospectus with the ROC (the “Pre-IPO Placement”). The price of the specified securities allotted pursuant to the Pre-IPO Placement shall be determined,

<b>Term</b>	<b>Description</b>
	by our Company, in consultation with the BRLM. Prior to the completion of the Offer if the Pre-IPO Placement is undertaken, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result in listing of the equity shares on the stock exchanges. further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue.
“Price Band”	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share including any revisions thereto. The Price Band and minimum Bid Lot, as decided by our Company, in consultation with the BRLM, will be advertised in all editions of [●] (as English daily newspaper and all editions of a Hindi regional newspaper) (Hindi also being the regional language of Haryana, where our Registered Office is located), at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
“Pricing Date”	The date on which our Company, in consultation with the Book Running Lead Manager, will finalise the Offer Price
“Prospectus”	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addendum or corrigendum thereto
“Public Offer Account”	The “no lien” and “non-interest bearing” bank account to be opened with the Public Offer Account Bank(s), under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date
“Public Offer Account Bank(s)”	Bank(s) which are a clearing member and registered with SEBI as a banker to an issue and with whom the Public Offer Account(s) is opened, in this case being [●].
“Qualified Institutional Buyers” or “QIBs” or “QIB Bidders”	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
“QIB Category”/ “QIB Portion”	The portion of the Offer being not less than 75% of the Net Offer or [●] Equity Shares of face value of ₹10 each, available for allocation to QIBs on a proportionate basis subject to valid Bids being received at or above the Offer Price
“Red Herring Prospectus” or “RHP”	Red Herring Prospectus to be issued by our Company in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three working days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
“Refund Account”	The “no lien” and “non-interest bearing” account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
“Refund Bank”	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
“Registered Brokers”	Stockbrokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in



<b>Term</b>	<b>Description</b>
	terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, and the UPI circular issued by SEBI.
“Registrar Agreement”	The registrar agreement dated December 23, 2024 entered into between our Company, the Promoter Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
“Registrar and Share Transfer Agents” or “RTAs”	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE and the UPI Circulars.
“Registrar to the Offer” or “Registrar”	Link Intime India Private Limited
“Retail Individual Bidder(s)” or “RIB(s)” or “Retail Individual Investor(s)” / “RII(s)”	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 2,00,000 in any of the bidding options in the Offer (including HUFs applying through their karta) and Eligible NRI(s)
“Retail Portion”	The portion of the Offer being not more than 10% of the Net Offer consisting of [●] Equity Shares of face value of ₹10 each, available for allocation to Retail Individual Investors as per the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
“Revision Form”	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.  QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders Bidding in the Retail Portion, Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
“Self-Certified Syndicate Bank(s)” or “SCSB(s)”	The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable, or such other website as updated from time to time and The banks registered with SEBI, offering services in relation to ASBA (through UPI Mechanism, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> .) Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is appearing in the “list of mobile applications for using UPI in public issues” displayed on SEBI website at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> . updated from time to time or such other websites as updated from time to time.
“Share Escrow Agent”	The share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
“Share Escrow Agreement”	The share escrow agreement to be entered into between our Company, the Promoter Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Promoter Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment.

<b>Term</b>	<b>Description</b>
“SMS”	Short Messaging Service
“Specified Locations”	Bidding Centres where the Syndicate shall accept Bid cum Application forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time.
“Sponsor Bank(s)”	Banker(s) to the Offer to be appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of UPI Bidders using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars in this case by [●]
“Stock Exchanges”	Collectively, the BSE and the NSE
“Sub-Syndicate Member”	The sub-syndicate members, if any, appointed by the BRLM and the Syndicate Member, to collect ASBA Forms and Revision Forms.
“Syndicate Agreement”	The syndicate agreement to be entered into between our Company, , the Promoter Selling Shareholders, and the Syndicate in relation to the procurement of Bid cum Application Forms by the Syndicate.
“Syndicate Member”	Intermediaries (other than the Book Running Lead Managers) registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
“Syndicate” or “members of the Syndicate”	Together, the Book Running Lead Manager and the Syndicate Member
“Underwriters”	[●]
“Underwriting Agreement”	Underwriting Agreement to be entered amongst our Company, the Promoter Selling Shareholders and the Underwriters on or after the Pricing Date but prior to filing of the Prospectus with the RoC
“UPI”	Unified payments interface which is an instant payment mechanism, developed by NPCI
“UPI Bidders”	Collectively, individual Bidders applying as (i) Retail Individual Bidders in the Retail Portion, (ii) Eligible Employees, under the Employee Reservation Portion and (iii) Non-Institutional Bidders with a Bid Amount of up to ₹ 500,000 in the Non-Institutional Portion by using the UPI Mechanism. Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 5.00 Lakhs are required to use UPI Mechanism and are required to provide their UPI ID in the Bid cum Application Form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity) and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
“UPI Circulars”	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 (to the

<b>Term</b>	<b>Description</b>
	extent these circulars are not rescinded by the SEBI RTA Master Circular 2024) and the SEBI master circular no. SEBI/HO/CFD/PoD-1/P/CIR/2024/0154 dated November 11, 2024 and the SEBI RTA Master Circular 2024 (to the extent it pertains to UPI), SEBI master circular no. and any subsequent circulars or notifications issued by SEBI in this regard along with the circular issued by the National Stock Exchange of India Limited (“NSE”) having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited (“BSE”, together with NSE, the “Stock Exchanges”) having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard
“UPI ID”	ID created on the UPI for single-window mobile payment system developed by the NPCI
“UPI Mandate Request”	A request (intimating the UPI Bidder by way of a notification on the UPI linked mobile application and by way of an SMS on directing the UPI Bidder to such UPI linked mobile application) to the UPI Bidder initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
“UPI Mechanism”	The bidding mechanism used by UPI Bidders as mode of payment in terms of the UPI Circulars
“UPI PIN”	Password to authenticate UPI transaction
“Wilful Defaulter”	Wilful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
“Working Day”	All days on which commercial banks in Mumbai are open for business provided however, with reference to (a) announcement of Price Band and (b) Bid/Offer Period, the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business and (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI including the UPI circulars

### Technical/ Industry Related Terms or Abbreviations

<b>Term</b>	<b>Description</b>
ACCU	Australian Carbon Credit Unit
ACR	American Carbon Registry
ACX	Aircarbon Exchange
AR6	Sixth Assessment Report
ARR	Afforestation-Reforestation And Revegetation
ART	Architecture for REDD+ Transactions
BEE	Bureau of Energy Efficiency
BRSR	Business Responsibility and Sustainability Reporting
CAR	Climate Action Reserve
CaT	Cap-and-Trade
CBAM	Carbon Border Adjustment Mechanism
CCC	Carbon Credit Certificates
CCPs	Core Carbon Principles
CCS	Carbon Capture and Storage
CCTS	Carbon Credit Trading Scheme

CDM	Clean Development Mechanism
CERs	Certified Emission Reduction
CH4	Methane
CO2	Carbon Dioxide
COP26	UN Climate Change Conference in Scotland
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CRTs	Climate Reserve Tonnes
CSRD	Corporate Sustainability Reporting Directive
CTX	Carbon Trade Exchange
DCs	Designated Consumers
DISCOMs	Distribution Companies
DMRV	Digital Monitoring, Reporting and Verification
EIB	European Investment Bank
ESG	Environmental, Social and Governance
ETSs	Emission Trading Systems
EU ETS	European Union Emission Trading Scheme
FCPF	Forest Carbon Partnership Facility
GAB	Global Accreditation Bureau
GCC	Global Carbon Council
GCP	Green Credit Program
GCTS	Green Credit Trading Scheme
GDPR	General Data Protection Regulation
GFANZ	Glasgow Financial Alliance For Net Zero
GHGs	Green House Gases
GORD	Gulf Organization for Research and Development
GRI	Global Reporting Initiative
GS	Gold Standard
GW	Gigawatts
GWP	Global Warming Potential
HFCs	Hydrofluorocarbons
ICAO	International Civil Aviation Organisation
ICR	International Carbon Registry
IFM	Improved Forest Management
IPCC	Intergovernmental Panel on Climate Change
IRENA	International Renewable Energy Agency
ISFL	Biocarbon Fund for Sustainable Forest Landscapes
KPI(s)	Key Performance Indicator
MoEFCC	Ministry of Environment, Forest and Climate Change
MRV	Measure, Report and Verify
N2O	Nitrous Oxide
NAPCC	National Action Plan on Climate Change
NDCs	Nationally Determined Contributions
NGOs	Non-Governmental Organizations
NMEEE	National Mission for Enhanced Energy Efficiency
PDD	Project Design Document
PFCs	Perfluorinated Chemicals
PXIL	Power Exchange of India Limited
RE	Renewable Energy

RECs	Renewable Energy Certificates
RECs	Renewable Energy Credits
REDD+	Reduced Emissions from Deforestation and Degradation in Developing Countries
RGGI	Regional Greenhouse Gas Initiative
RPO	Renewable Purchase Obligations
SAE	Second Advance Estimates
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SEC	Specific Energy Consumption
SF6	Sulphur Hexafluoride
tCO <sub>2e</sub>	Tonnes of Carbon Dioxide Equivalent
TOE	Tonnes of Oil Equivalent
UNEP	United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
WMO	World Meteorological Organization
VCM	Voluntary Carbon Market
VCMi	Voluntary Carbon Markets Integrity Initiative
VCS	Verified Carbon Standard
VRE	Voluntary Renewable Electricity
VVBs	Validation and Verification Bodies
WWF	World Wildlife Fund

### Conventional and General Terms or Abbreviations

Term	Description
“₹”/ “Rs.”/ “Rupees”/ “INR”	Indian Rupees
AED	Emirati Dirham
A/c	Account
Adv. Est.	Advance Estimates
AIFs	Alternative Investments Funds
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AGM	Annual general meeting
AS or Accounting Standards	Accounting standards issued by the Institute of Chartered Accountants of India, as notified from time to time
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate (as a %): $(\text{End Year Value} / \text{Base Year Value})^{1/\text{No. of years between Base year and End year}} - 1$ [^ denotes ‘raised to’]
Capital Employed	Capital employed is calculated as total assets less current liabilities
CARO	Companies Auditor's Report Order, 2020
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations

<b>Term</b>	<b>Description</b>
Category II FPIs	FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CIT	Commissioner of Income Tax
Companies Act or Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, Government of India as of the date of this Draft Red Herring Prospectus, along with the relevant rules made thereunder
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have an effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder.
Competition Act	The Competition Act, 2002
COVID-19	Coronavirus disease 2019, a respiratory illness caused by the Novel Coronavirus and a public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate Social Responsibility
Debt to Equity	Debt to equity is calculated as borrowings under non-current liabilities plus current maturities of long- term debts plus borrowings under current liabilities, divided by total equity
Demat	Dematerialised
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
Dist./Dist	District
DP or Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository Participant’s Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion)
DRT	Debt Recovery Tribunal
EBIT	Earnings before interest and tax
EBITDA	EBITDA is calculated as restated profit for the year/ period, plus total tax expenses, exceptional items, finance costs and depreciation and amortization expenses, less other income
EBITDA Margin	EBITDA Margin is the percentage of EBITDA divided by revenue from operations
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise resource planning
ESG	Environmental, social and governance
Est.	Estimated
EU	European Union
Euro or €	Euro, the official currency of the Eurozone
FCNR	Foreign Currency Non-Resident
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the provisions of FEMA

<b>Term</b>	<b>Description</b>
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations there under
FEMA Non-debt Instruments Rules/ FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable
Financial Year/ Fiscal/Fiscal Year/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
Gazette	Gazette of India
GBP” or “British Pound	Great British Pound
GDP	Gross domestic product
GoI or Government or Central Government	Government of India
Gross Margin	Gross Margin is calculated as revenue from operations less Material Cost
GST	Goods and services tax
GVA	Gross value added
HNI	High Net worth Individual
H.R./HR	Human Resources
HUF	Hindu undivided family
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
ICAI Guidance Note	Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Ind AS 24	Indian Accounting Standard 24, “Related Party Disclosures”, notified under

<b>Term</b>	<b>Description</b>
	Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015
Ind AS 37	Indian Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets”, notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015
Ind AS 110	Indian Accounting Standard 110, “Consolidated Financial Statements”, notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
Indian GAAP/ IGAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
INR/Indian Rupees/Rupee/₹/Rs.	Indian Rupee, the official currency of the Republic of India
IPC	The Indian Penal Code, 1860
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
IT Act or Income Tax Act	The Income Tax Act, 1961
KYC	Know your customer
Listing Agreement	The equity listing agreement to be entered into by our Company with each of the Stock Exchanges
Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
March 2021 Circular	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and amended by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.
MCA	Ministry of Corporate Affairs
MICR	Magnetic Ink Character Recognition
Mn/ mn	Million
MSMEs	Micro, small or a medium enterprise
m-o-m	Month on Month
Mutual Funds	Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N/A/ N.A./ NA	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
No(s).	Number(s)
Non-GAAP Measure(s)	Non-GAAP measures comprises EBIT, EBITDA, EBITDA Margin, Gross Margin, Other Operating Expenses, Capital Employed, Return on Capital Employed, Return on Equity, Debt to Equity, PAT Margin, CAGR and others



<b>Term</b>	<b>Description</b>
Novel Coronavirus	Severe acute respiratory syndrome coronavirus 2, a strain of coronavirus that causes coronavirus disease 2019, a respiratory illness.
NPCI	National Payments Corporation of India
NRE Account	Non-resident external rupee account
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
Other Operating Expenses	Other operating expenses is calculated as other expenses less freight and forwarding charges and advertisement and sales promotion expenses.
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit after tax
PAT Margin	PAT Margin is calculated as restated profit for the year/ period divided by total income, represented as a percentage.
PhD	Doctor of Philosophy
P/E	Price/earnings
P/E Ratio	Price to Earnings ratio
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RONW	Return on net worth
ROCE	Return on Capital Employed is calculated as EBIT divided by average Capital Employed
ROE	Return on equity is calculated as restated profit for the year/ period divided by average total equity
RTGS	Real Time Gross Settlement
RUB	Russian Ruble
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Master Circular	SEBI master circular no. SEBI/HO/CFD/PoD-1/P/CIR/2024/0154 dated November 11, 2024
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

<b>Term</b>	<b>Description</b>
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI RTA Master Circular	SEBI master circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI SBEB & SE Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
Stamp Act	The Indian Stamp Act, 1899
STT	Securities transaction tax
Total Borrowings	Total borrowings is calculated as borrowings under non-current liabilities, plus current maturities of long-term debts, plus borrowings under current liabilities
TAN	Tax deduction account number
TRY	Turkish Lira
U.K./UK	United Kingdom
U.A.E./ UAE	United Arab Emirates
U.S. Securities Act	U.S. Securities Act of 1933
U.S./USA/United States	United States of America
USD or US\$	United States Dollars
VaR	Value at risk
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Water Act	Water (Prevention and Control of Pollution) Act 1974
y-o-y	Year on Year

## **CURRENCY CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

All references in this Draft Red Herring Prospectus to “India” are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GOI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable. All references in this Draft Red Herring Prospectus to the “UK” or “U.K.” are to the United Kingdom of Great Britain and “U.S.”, “US”, “U.S.A” or “United States” are to the United States of America and its territories and possessions.

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

Unless the context requires otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the corresponding page numbers of this Draft Red Herring Prospectus.

### **Financial Data and Other Data**

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal Year or Fiscal, unless stated otherwise, are to the 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

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

Restated Consolidated Financial Statements of our Company comprising of the restated consolidated statement of assets and liabilities for the six months period ended September 30, 2024 and years ended March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity and, the restated consolidated statement of cash flows for the six months period ended September 30, 2024 and years ended March 31, 2024, March 31, 2023 and March 31, 2022, and notes to the Restated Consolidated Financial Statements, prepared in accordance with the requirements of Section 26 of the Companies Act 2013; Paragraph (A) of Clause 11 (I) of Part A of Schedule VI of the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India as amended from time to time. Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references in this Draft Red Herring Prospectus to a particular FY, Financial Year, Fiscal or Fiscal Year, unless stated otherwise, are to the 12-month period ended on March 31 of that particular calendar year.

There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited. For risks relating to significant differences between Ind AS and other accounting principles, see “*Risk Factor No.62- Significant differences exist between Indian accounting standard and other accounting principles, such as international financial reporting standards and United States generally accepted accounting principles,*

*which investors may be more familiar with and may consider material to their assessment of our financial condition” on page 67.*

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Unless the context otherwise indicates, any percentage amounts or ratios (excluding certain operational metrics), relating to the financial information of our Company in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Consolidated Financial Statements.

### **Non-GAAP Measures**

Certain Non-GAAP measures relating to our financial performance, such as, Net Worth, Return on Net Worth, Net Asset Value per Equity Share, EBITDA, EBITDA Growth, Revenue from Operations Growth, EBITDA Margin, gross profit, gross margin, PAT Growth, PAT Margin, Return on Capital Employed, Company Adjusted Profit for the year/period “(together, “**Non-GAAP Measures**”), and certain other industry metrics relating to our operations and financial performance presented in this Draft Red Herring Prospectus are a supplemental measure of our performance that are not required by, or presented in accordance with, Ind AS or IFRS. Further, these Non-GAAP Measures and other industry metrics are not a measurement of our financial performance or liquidity under Ind AS, Previous Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS or IFRS. In addition, these Non-GAAP Measures and other industry metrics are not standardized terms, hence a direct comparison of similarly titled Non-GAAP Measures and other industry metrics between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting their utility as a comparative measure. Although the Non-GAAP Measures and other industry metrics are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company’s operating performance. For further details see “Other Financial Information” on page 317. For further details see “*Risk Factor No. on page 62. - .” beginning on page 6249 - In this Draft Red Herring Prospectus, we have included certain Non-GAAP (“Generally Accepted Accounting Principles”) financial measures and certain other industry measures related to our operations and financial performance. These Non-GAAP measures and industry measures may vary from any standard methodology applicable across the industry and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies.” beginning on page 62.*

### **Currency and Units of Presentation**

All references to:

- “₹” or “Rs” or “Rupees” or “INR” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” are to United States Dollar, the official currency of the United States of America.
- “Euro” or “€” are to Euro, the official currency of certain member states of the European Union;
- “GBP” or “£” are to British Pound Sterling, the official currency of the United Kingdom;
- “AED” are to United Arab Dirham, the official currency of the United Arab Emirates;
- “RUB” are to Russian Rubble, the official currency of Russia; and
- “TRY” are to Turkish Lira, the official currency of Turkey

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in “Lakhs”. One lakh represents 1,00,000 units or in whole numbers where the numbers have been too small to represent in such units.

Figures sourced from third-party industry sources may be expressed in denominations other than Lakhs or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in the respective sources.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures (other than per share and percentage figures) derived from our Restated Consolidated Financial Statements in decimals have been rounded off to the two decimal places.

### Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other foreign currencies:

	<i>(in ₹)</i>			
Currency*	As on September 30, 2024	As on March 31, 2024	As on March 31, 2023	As on March 31, 2022
USD	83.79	83.37	82.21	75.81
GBP	112.16	105.29	101.87	99.55
AED	22.80	22.69	22.36	20.67
TRY	2.45	2.57	4.28	5.17
RUB	0.90	0.90	1.06	0.92

\*Source: [www.rbi.org.in](http://www.rbi.org.in), [www.x-rates.com](http://www.x-rates.com) and [www.fbil.org.in](http://www.fbil.org.in)

Note: Exchange rate is rounded off to two decimal points.

In case the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been considered.

### Industry and Market Data

Unless otherwise indicated, the industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report titled “Assessment of ESG Advisory Services and Carbon Markets” dated December 2024 prepared by CRISIL MI&A (the “**CRISIL Report**”) and publicly available information as well as other industry publications and sources. The CRISIL Report has been exclusively commissioned at the request of our Company and paid for by our Company for an agreed fee, pursuant to an engagement letter dated May 9, 2024, entered into between CRISIL MI&A and our Company, for the purposes of confirming our understanding of the industry in which our Company operates, exclusively in connection with this Offer. CRISIL MI&A has required us to include the following disclaimer in connection with the CRISIL Report:

The CRISIL Report is subject to the following disclaimer:

*“CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited, provides independent research, consulting, risk solutions, and data & analytics to its clients. CRISIL MI&A operates independently of CRISIL’s other divisions and subsidiaries, including, CRISIL Ratings Limited. CRISIL MI&A’s informed insights and opinions on the economy, industry, capital markets and companies drive impactful decisions for clients across diverse sectors and geographies. CRISIL MI&A’s strong*

*benchmarking capabilities, granular grasp of sectors, proprietary analytical frameworks and risk management solutions backed by deep understanding of technology integration, makes it the partner of choice for public & private organisations, multi-lateral agencies, investors and governments for over three decades.*

*For the preparation of this report, CRISIL MI&A has relied on third party data and information obtained from sources which in its opinion are considered reliable. Any forward-looking statements contained in this report are based on certain assumptions, which in its opinion are true as on the date of this report and could fluctuate due to changes in factors underlying such assumptions or events that cannot be reasonably foreseen. This report does not consist of any investment advice and nothing contained in this report should be construed as a recommendation to invest/disinvest in any entity. This industry report is intended for use only within India.”*

For details in relation to risks involving the industry, see “**Risk Factor No. 46 - Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned and paid by us for such a purpose.**” beginning on page 61 of this Draft Red Herring Prospectus.

The CRISIL Report is available on the website of our Company at [www.earthood.in/investor](http://www.earthood.in/investor). and has also been included in “*Material Contracts and Documents for Inspection*” beginning on page 442. CRISIL MI&A is an independent agency and is not a related party of our Company, Directors, Promoters, Key Managerial Personnel, Senior Management, Promoter Selling Shareholders or the Book Running Lead Manager. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included in this Draft Red Herring Prospectus with respect to any particular year, refers to such information for the relevant calendar year.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

Certain data in relation to our Company used in this Draft Red Herring Prospectus has been obtained or derived from the CRISIL Report which may differ in certain respects from our Restated Consolidated Financial Statement as a result of, inter alia, the methodologies used in compiling such data. Accordingly, investment decisions should not be made based on such information.

In accordance with the SEBI ICDR Regulations, we have included in the chapter “*Basis for Offer Price*” beginning on page 114, information pertaining to the peer companies of our Company. Such information has been derived from publicly available data of the peer companies. Accordingly, no investment decision should be made solely on the basis of such information. Such industry sources and publications are also prepared based on information available as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “*Risk Factors*” beginning on page 37 of this Draft Red Herring Prospectus.

## FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements regarding our expected financial and results of operations, business, plans and prospects are forward-looking statements, which include statements with respect to our business strategy, objectives, plans or goals, prospects, our expected revenue and profitability and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements include statements which generally can be identified by words or phrases such as “aim”, “anticipate”, “are likely”, “believe”, “continue”, “can”, “shall”, “could”, “expect”, “estimate”, “intend”, “may”, “likely” “objective”, “plan”, “project”, “propose”, “seek to”, “will”, “will continue”, “will likely”, “will pursue” or other words or phrases of similar import. However, these are not the exclusive means of identifying forward-looking statements.

These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “likely to”, “seek to”, “shall”, “objective”, “plan”, “project”, “propose” “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our expected financial condition, results of operations, business, prospects, strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions, in India and globally, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry, incidence of natural calamities and/or acts of violence.

Certain important factors that could cause actual results to differ materially from our Company’s expectations and assumptions include, but are not limited to, the following:

1. We are dependent on our carbon verification and validation business in the voluntary carbon market for a significant portion of our revenue
2. Our business faces risks from declining regulatory carbon market revenues due to the transition from Clean Development Mechanism (CDM) to Article 6.4 mechanism under the Paris Agreement
3. We are subject to changes in global climate policies or commitments by world economies
4. Our past growth rates may not be indicative of our future growth.
5. A significant portion of our business is derived from the overseas market
6. A significant portion of the Net Proceeds is proposed to be utilized towards building a novel technology infrastructure for enhancing operational efficiency which poses risks related to untested technology, inadequate expertise and unforeseen costs
7. We are subject to regulatory requirements in the performance of services and are subject to risks associated with non-compliance with applicable laws
8. We operate in an employee intensive industry with a high rate of attrition.
9. Concerns over carbon credit integrity and greenwashing create a negative public perception and may adversely affect our Company’s growth

**10. Volatility in carbon credit pricing exposes our business to decreased demand for our services, impacting revenue streams and growth prospects.**

For further discussion on factors that could cause the actual results to differ from the expectations, please refer to the chapter titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 37, 183 and 319 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements reflect our current views as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct.

These statements are based on the management’s beliefs, assumptions, current plans, estimates and expectations, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our Company, our Directors, Promoter Selling Shareholders, BRLM or any of their respective affiliates or advisors do not have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with SEBI ICDR Regulations, our Company will ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings made by them in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Offer. Further, each Promoter Selling Shareholders shall, severally and not jointly (solely to the extent of statements specifically made or confirmed by such Promoter Selling Shareholders in relation to its portion of Offered Shares in this Draft Red Herring Prospectus), ensure that Bidders in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings specifically made or confirmed by such Promoter Selling Shareholders in the Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.



## SUMMARY OF THE OFFER DOCUMENT

*This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and the terms of the Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including in the sections “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Our Promoters and Promoter Group”, “Restated Consolidated Financial Statements”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Main Provisions of the Articles of Association” beginning on pages 37, 70, 77, 99, 125, 183, 233, 239, 319, 349, 381 and 406 respectively.*

### Summary of our primary business

We are a globally recognised company engaged in certifying environmental attributes primarily providing carbon validation and verification services; and Environmental, Social and Governance (ESG) advisory and assurance services to customers in India and overseas. Earthood has been ranked as the “Best Verification Company” by Environmental Finance, an online news and analysis service, in the Voluntary Carbon Market Rankings 2023 and 2024 (*Source: CRISIL Report*). Additionally, we also provide advisory services in relation to formation and promotion of Farmer Producer Organisations (FPOs), entities created, owned and managed by farmers, which constitutes a minor portion of our revenues.

### Summary of the Industry in which we operate

We provide carbon validation and verification services to clients operating in voluntary and regulatory carbon markets.

Carbon markets enable governments and non-state actors to trade greenhouse gas emission credits. A carbon market is a system that allows entities to trade carbon emissions. It provides a platform for buying and selling carbon credits, which represent the right to emit a specific amount of carbon dioxide or other greenhouse gases. Emerging Carbon pricing regulations in the carbon market incentivize companies to reduce their environmental footprint and invest in carbon-neutral or low-carbon technologies. Companies worldwide are facing growing pressure to reduce their emissions and set their Net-Zero targets. This pressure is pushing them to invest in offsetting the emissions and therefore relying on high-quality, independently verified carbon credits. (*Source: CRISIL Report*)

### Promoters of our Company

Dr. Kaviraj Singh and Ashok Kumar Gautam are the Promoters of our Company.

For further details, see “Our Promoters and Promoter Group” beginning on page 233

### Offer Size

The following table summarizes the details of the Offer.

Offer <sup>(1)(2)</sup>	Up to 78,00,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs
<i>Of which</i>	
i) Fresh Issue <sup>(1)(3)</sup>	Up to 36,00,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs
ii) Offer for Sale <sup>(2)</sup>	Up to 42,00,000 Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs
<i>The Offer comprises:</i>	
Employee Reservation Portion <sup>(4)</sup>	Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs
Net Offer	Up to [●] Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs

- (1) The Offer has been authorized by our Board pursuant to a resolution adopted at its meeting held on December 2, 2024 and by our Shareholders pursuant to a special resolution adopted at its meeting held on December 2, 2024.
- (2) Our Board has taken on record the approval for the Offer for Sale by each of the Promoter Selling Shareholders pursuant to their resolutions dated December 17, 2024. Each of the Promoter Selling Shareholders has severally and not jointly confirmed its respective eligibility to participate in the Offer for Sale in accordance with Regulation 8 of the SEBI ICDR Regulations. Each of the Promoter Selling Shareholder, severally and not jointly, confirms its compliance with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable to such Promoter Selling Shareholder, as on the date of this Draft Red Herring Prospectus. For further details of authorizations pertaining to the Offer for Sale, see “Other Regulatory and Statutory Disclosures” beginning on page 356 and see “The Offer” beginning on page 70.
- (3) Our Company, in consultation with the BRLM, may consider Pre-IPO Placement for cash consideration aggregating up to ₹ 1,000 Lakhs, prior to filing of the Red Herring Prospectus with the ROC. The Pre-IPO Placement, if undertaken, will be at a price to be determined by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, if the Pre-IPO Placement is undertaken, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result in listing of the equity shares on the stock exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken), shall be appropriately made in the relevant sections of the RHP and the Prospectus.
- (4) Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000s. Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Retail Portion in the Net Offer and such Bids will not be treated as multiple Bids.. For details, see “Offer Structure” beginning on page 376.

The Offer and Net Offer shall constitute [●]% and [●]%, respectively, of the post-Offer paid-up Equity Share capital of our Company. For further details of the Offer, see “The Offer” and “Offer Structure” beginning on pages 70 and 376, respectively.

## Objects of the Offer

The Net Proceeds from the Fresh Issue are proposed to be utilized in accordance with the details provided in the following table:

(in ₹ Lakhs)	
Particulars	Total Estimated Costs <sup>(1)(2)</sup>
Funding requirements towards strengthening our technological capabilities through the development, ownership and commercialization of proprietary DMRV intellectual property and solutions	3,000.00
General corporate purposes	[●]

- (1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.
- (2) Our Company, in consultation with the BRLM, may consider Pre-IPO Placement for cash consideration aggregating up to ₹ 1,000 Lakhs, prior to filing of the Red Herring Prospectus with the ROC. The Pre-IPO Placement, if undertaken, will be at a price to be determined by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, if the Pre-IPO Placement is undertaken, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result in listing of the equity shares on the stock exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken), shall be appropriately made in the relevant sections of the RHP and the Prospectus.

For Further details, see “Objects of the Offer” beginning on page 99.

## Aggregate pre-Offer shareholding of the Promoters, Promoter Group and Promoter Selling Shareholders

Name of the Promoters*	Pre-Offer		Post-Offer <sup>^</sup>	
	Number of Equity Shares held	Percentage of total pre-Offer paid up equity share capital (%)	Number of Equity Shares held	Percentage of total post-Offer paid up equity share capital (%)
Dr. Kaviraj Singh <sup>#</sup>	1,84,95,637	77.55	[●]	[●]
Ashok Kumar Gautam <sup>#</sup>	40,54,500	17.00	[●]	[●]
<b>Total</b>	<b>2,25,50,137</b>	<b>94.55</b>	[●]	[●]

\*Our Promoter Group members do not hold Equity Shares as on date of this Draft Red Herring Prospectus

# Also the Promoter Selling Shareholders

<sup>^</sup> Subject to completion of the Offer and finalization of the Allotment

### Summary of Selected Financial Information

The details of our Equity Share capital, Net Worth, Revenue from operations, Profit for the period/year, Earning per share (Basic and diluted), Net Asset Value per Equity Share and total borrowings for the six months period ended September 30, 2024 and for Fiscals 2024, 2023 and 2022 derived from the Restated Consolidated Financial Statements

(₹ in Lakhs)

Particulars	For the six months period ended September 30, 2024	For Fiscal		
		2024	2023	2022
Equity Share Capital	2385.00	954.00	3.00	3.00
Net Worth <sup>(i)</sup>	3953.50	3153.27	1262.02	392.22
Revenue from operations	2189.13	4679.34	3239.29	1011.17
Restated profit/ (loss)	542.68	1933.60	1073.58	128.20
Restated earnings/ (loss) per Equity Share				
- Basic earnings per Equity Share with a face value of ₹10 (in ₹) <sup>(ii)</sup>	2.28	8.11	4.50	0.54
- Diluted earnings per Equity Share with a face value of ₹10 each (in ₹) <sup>(iii)</sup>	2.25	8.11	4.50	0.54
NAV per equity share (in ₹) <sup>(iv)</sup>	16.59	13.22	5.18	1.64
Total borrowings	9.01	NIL	53.56	101.78

Notes:

The ratios have been computed as follows:

- Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation in accordance with Regulation 2(1)(hh) of the SEBI ICDR Regulations
- Earnings Per Share (Basic) = Restated net profit after tax, available for equity shareholders/Weighted average number of equity shares outstanding during the period/year.
- Earnings Per Share (Diluted) = Restated net profit after tax, available for equity shareholders/Weighted average number of equity shares outstanding during the period/year.
- Net Asset Value per Share (in ₹) = Restated net worth at the end of the period/year / Weighted average number of equity shares outstanding during the period/year.

For further details, see "Financial Information" beginning on page 239.

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

No reservations, qualifications and adverse remarks have been made by our Statutory Auditors in their reports which have not been given effect to in the Restated Consolidated Financial Statements.

### Summary of Outstanding Litigation

A summary of outstanding legal proceedings involving our Company, Directors, Promoters, Subsidiaries and Group Company as on the date of the Draft Red Herring Prospectus is provided below:

Name of the Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or stock exchanges against our Promoters	Material civil litigations	Aggregate amount involved (₹ in Lakhs)*
<b>Company</b>						
By our Company	NIL	NIL	NIL	NA	NIL	NIL
Against our Company	NIL	NIL	4	NA	NIL	-**
<b>Directors<sup>#</sup></b>						
By the Directors	-	-	-	NA	-	-
Against the Directors	NIL	2	NIL	NA	NIL	4.29
<b>Promoters</b>						
By the Promoters	NIL	NIL	NIL	NIL	NIL	NIL
Against the Promoters	NIL	NIL	4	NIL	NIL	-**
<b>Subsidiaries</b>						
By the Subsidiaries	NIL	NIL	NIL	NA	NIL	NIL
Against the Subsidiaries	NIL	NIL	NIL	NA	NIL	NIL

\*To the extent quantifiable

\*\*Not ascertainable

<sup>#</sup>excluding Promoters

As on date of this Draft Red Herring Prospectus, there are no outstanding litigations involving our Group Company, which may have a material impact on our Company.

The amounts mentioned above may be subject to additional interest/ penalties being levied by the concerned authorities which have not been included above as it may not be ascertainable as on date of this Draft Red Herring Prospectus. For further details regarding these legal proceedings, please refer to chapter titled “*Outstanding Litigations and Material Developments*” beginning on page 349.

### Risk Factors

For details of the risks applicable to us, see “*Risk Factors*” beginning on page 37. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

### Summary of Contingent Liabilities

The following is a summary table of our contingent liabilities as of six months period ended September 30, 2024, as per Ind AS 37:

(₹ in Lakhs)

Particulars	For the six months period ended September 30, 2024
Performance Bank Guarantee	1.94

For further details, please see the “Note 37 – Contingent Liabilities, Contingent Assets and Commitments” under the chapter “Restated Consolidated Financial Statements” on page 290.

### Summary of Related Party Transactions

The following is the summary of related party transactions (post inter-company eliminations) for the six months period ended September 30, 2024 and for Fiscals 2024, 2023 and 2022, in accordance with the requirements under Ind AS 24 read with the SEBI ICDR Regulations and as derived from the Restated Consolidated Financial Statements.

(₹ in Lakhs)

Particulars	As on September 30, 2024	As March 31, 2024	As March 31, 2023	As March 31, 2022
<b>Investment in Subsidiary Company Equity Shares</b>				
Earthood UK Limited (100 Equity Shares with Voting Rights)	-	-	-	0.10
Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi	-	-	1.60	-
Earthood UK Limited (10 Equity Shares without Voting Rights)	-	0.01	-	-
Limited Liability Company Earthood Rus	0.05	-	-	-
<b>Issue of B class Equity shares</b>				
Kaviraj Singh		-	10.00	-
<b>Payable towards Purchase of Shares in Earthood UK Limited (10 Equity Shares without Voting Rights)</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh		0.01	-	-
<b>Paid towards Purchase of Shares in Earthood UK Limited (10 Equity Shares without Voting Rights)</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	0.01	-	-	-
<b>Professional Services</b>				
<b>Relatives of Key Managerial Personnel with whom transaction have taken place</b>				
Archana Singh	-	5.00	15.00	12.50
Prema Singh	-	-	-	25.00
Santosh Singh	-	-	-	5.00
Vijendra Singh	-	-	-	10.00
Krishna Chaudhary	-	-	-	10.00
<b>Payment of Professional Services</b>				
<b>Relatives of Key Managerial Personnel with whom transaction have taken place</b>				
Archana Singh	-	18.00	-	11.25
Prema Singh	-	-	-	27.13

Particulars	As on September 30, 2024	As March 31, 2024	As March 31, 2023	As March 31, 2022
Santosh Singh	-	-	-	-
Vijendra Singh	-	-	-	2.63
Krishna Chaudhary	-	-	-	4.50
<b>Advances given</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	36.78	50.00	-	-
Sanjeev Kumar	-	-	-	8.00
<b>Advances given received back</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	25	50.00	-	-
Sanjeev Kumar	0	-	-	11.52
<b>Loan received during the year</b>				
<b>Key Managerial Personnel</b>				
Manish Singh Negi	0.33	-	-	-
<b>Salary and Other Perquisites</b>				
<b>Key Managerial Personnel</b>				
Manish Singh Negi	5.95	-	-	-
Vishaka Jalan	4.05	-	-	-
<b>Advance Given</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited	-	-	-	2.25
<b>Loan Received back given in earlier years</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited	-	-	2.92	-
<b>Managerial Remuneration</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	87.53	138.10	250.70	91.72
Ashok Kumar Gautam	51.33	137.28	137.28	32.20
Sanjeev Kumar	-	-	-	14.03
Komendant Andrei Alexandrovich	2.66	-	-	-
<b>Dividend Paid</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh		86.87	231.23	-
<b>Imprest Given</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	12.94	11.47	4.91	-
<b>Salary Paid</b>				
<b>Relatives of Key Managerial Personnel</b>				
Pooja Singh	34.82	57.41	35.55	-
<b>Reimbursement of Expenses</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	17.00	21.17	17.64	0.89
Ashok Kumar Gautam	-	19.65	1.69	1.69

Particulars	As on September 30, 2024	As March 31, 2024	As March 31, 2023	As March 31, 2022
Manish Singh Negi	1.14	-	-	-
Vishaka Jalan	0.13	-	-	-
<b>Loan From Director</b>				
Sanjeev Kumar	-	-	2.00	2.00
Advance Given				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	11.78	-	-	-
Advance Given				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited		-	-	2.92
Imprest				
Key Managerial Personnel				
Kaviraj Singh	1.80	0.77	0.46	0.10
Managerial Remuneration Payable				
Key Managerial Personnel				
Kaviraj Singh	10.16	9.67	66.92	8.39
Ashok Kumar Gautam	5.40	3.43	3.30	2.13
Salary and Other Perquisites				
Key Managerial Personnel				
Manish Singh Negi	1.34	-	-	-
Vishaka Jalan	0.68	-	-	-
Loan				
Key Managerial Personnel				
Manish Singh Negi	1.75	-	-	-
Recoverable				
Key Managerial Personnel				
Vishaka Jalan	0.20	-	-	-
Salary Payable				
Relatives of Key Managerial Personnel				
Pooja Singh	4.58	4.17	-	-

For details of related party transactions of our Company, as per the requirements under Ind AS 24 'Related Party Disclosures' for the six months period ended September 30, 2024 and for the fiscals March 31, 2022, March 31, 2023 and March 31, 2024, please see "Note 42 – Related Party Transactions" under the section "Restated Consolidated Financial Statements" on page 297.

### Financing Arrangements

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

### Weighted average cost of all Equity Shares transacted by our Promoters, members of the Promoter Group and the Selling Shareholders in the three years, eighteen months and one year preceding the date of this Draft Red Herring Prospectus

Particulars	Weighted Average Cost of Acquisition (in ₹)*	Cap Price ([●]) is 'x' times the Weighted Average Cost of Acquisition <sup>#</sup>	Range of acquisition price: Lowest Price – Highest Price (in ₹)
Last one year	0	[●]	0 - 0
Last 18 months	0	[●]	0 - 3061.22
Last three year	0.77	[●]	0 - 3061.22

\*As certified by M/s. Jagdish Chand & Co., Chartered Accountants, by way of their certificate dated December 24, 2024

<sup>#</sup> To be updated upon finalization of the Price Band.

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

Except as stated below, there have been no Equity Shares that were acquired in the last three years preceding the date of this Draft Red Herring Prospectus by our Promoters, members of the Promoter Group and Promoter Selling Shareholders:

Name	Date of Acquisition of Equity Shares	No. of Equity shares acquired	Acquisition price per Equity Share (in ₹)	Nature of Acquisition
Dr. Kaviraj Singh*	July 09, 2024	11,312,032	NA	Bonus issue in the ratio of three Equity Shares for every two Equity Shares held
	February 21, 2024	7,893,300	NA	Bonus issue in the ratio of three hundred and seventeen Equity Shares for every one Equity Share held
	November 27, 2023	4,900	3061.22	Transfer
	April 20, 2022	10,000	300	Transfer
Ashok Kumar Gautam*	July 09, 2024	2,432,700	-	Bonus issue in the ratio of three Equity Shares for every two Equity Shares held
	February 21, 2024	1,616,700	-	Bonus issue in the ratio of three hundred and seventeen Equity Shares for every one Equity Share held

\*Also Promoter Selling Shareholders

Our Promoter Group members do not hold any Equity Shares as on date of this Draft Red Herring Prospectus.

No Shareholders have any special rights in our Company, including the right to nominate directors on our Board.

**Average Cost of Acquisition of Equity Shares for our Promoters and the Promoter Selling Shareholders**

The average cost of acquisition per Equity Share by our Promoters and Promoter Selling Shareholders is set forth in the table below:

Name of the Promoter <sup>(1)</sup>	No. of Equity Shares held	Average cost of acquisition (₹ per Equity Share) <sup>*(2)</sup>
Dr. Kaviraj Singh <sup>(1)</sup>	1,84,95,637	0.98
Ashok Kumar Gautam <sup>(1)</sup>	40,54,500	0.02

<sup>(1)</sup> Also the Promoter Selling Shareholders

<sup>(2)</sup> As certified by M/s. Jagdish Chand & Co., Chartered Accountants, by way of their certificate dated December 24, 2024



## **Weighted Average Price at which the Equity Shares were acquired by our Promoters and Promoter Selling Shareholders in the last one year preceding the date of this Draft Red Herring Prospectus**

Except as stated below, there have been no Equity Shares that were acquired in the last one year preceding the date of this Draft Red Herring Prospectus by our Promoters or the Promoter Selling Shareholders:

<b>Name of the Promoter</b>	<b>No. of Equity Shares acquired in last one year from the date of this DRHP</b>	<b>Weighted average price (in ₹)<sup>(2)</sup></b>
Dr. Kaviraj Singh	1,92,05,332	0.00
Ashok Kumar Gautam	40,49,400	0.00

<sup>(1)</sup> Also the Promoter Selling Shareholders

<sup>(2)</sup> As certified by M/s. Jagdish Chand & Co., Chartered Accountants, by way of their certificate dated December 24, 2024

### **Pre-IPO Placement**

Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement to any person(s) aggregating up to ₹ 1,000 Lakhs, prior to filing of the Red Herring Prospectus with the ROC. The Pre-IPO Placement (if undertaken), will be at a price to be determined by our Company, in consultation with the BRLM. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer and if the Pre-IPO Placement is undertaken, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result in listing of the equity shares on the stock exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

### **Offer of Equity Shares for consideration other than cash in the last one year**

Except as disclosed in the chapter titled “*Capital Structure*” beginning on page 85 of this Draft Red Herring Prospectus, our Company has not issued Equity Shares for consideration other than cash during the last one year immediately preceding the date of filing this Draft Red Herring Prospectus.

### **Split/ consolidation of Equity Shares in the last one year**

Our Company has not undertaken split/ consolidated equity shares during the last one year immediately preceding the date of filing this Draft Red Herring Prospectus.

### **Exemption from complying with any provisions of securities laws**

As on the date of this Draft Red Herring Prospectus, our Company has not applied for or received any exemption from SEBI from complying with any provisions of securities laws.

## SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline and investors may lose all or part of their investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Restated Consolidated Financial Statements” on pages 183, 125, 319 and 239, respectively, of this Draft Red Herring Prospectus, as well as the other financial and statistical and other information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and our business and the terms of the Offer including the merits and risks involved.*

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

*This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see “Forward-Looking Statements” beginning on page 26 of this Draft Red Herring Prospectus.*

*Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Consolidated Financial Statement included in this Draft Red Herring Prospectus. For further information, see “Restated Consolidated Financial Statements” beginning on page 239 of the Red Herring Prospectus. Unless the context otherwise requires, in this section, references to “we”, “us”, “our”, “our Company”, or “the Company” refers to Earthood Services Limited (Formerly known as Earthood Services Private Limited).*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Assessment of ESG Advisory Services and Carbon Markets” dated December 2024 (the “CRISIL Research”) prepared and issued by CRISIL Limited commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Research Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

### **RISKS RELATING TO OUR BUSINESS**

- 1. We are heavily dependent on our carbon verification and validation business in the voluntary carbon market for a significant portion of our revenue. The demand for these services is largely dependent on focus of organizations towards carbon neutrality and achieving low carbon and climate resilient global economy. Any downturn in the carbon offset industry or decline in voluntary approach to meet sustainability goals could have an adverse effect on our business and results of operations.***

Our Company is heavily dependent on its carbon verification and validation business in the voluntary carbon market, which accounted for approximately 97.76% 96.56%, 88.12% and 64.81% of our consolidated

revenue from operations for the six months' period ended September 30, 2024, Fiscals 2024, 2023 and 2022 respectively.

As per the CRISIL Report, the voluntary carbon credit market has been experiencing a period of dynamic growth, driven by a confluence of factors. This demand has propelled the market value to nearly USD 163.6 million in 2023, marking a significant increase from just a few years prior. According to the CRISIL Report, the Voluntary market accounts for the majority of market share in the global carbon offset and credit validation, verification and certification market. VVC market in the voluntary market is expected to record a CAGR of 25.80% from 2024 to 2030 according to the CRISIL Report.

Our dependency on the focus of the organizations (who may be our clients or potential clients) on carbon neutrality and climate resilience exposes us to risks pertaining to potential shift in organizational priorities due to changing market conditions or economic pressures. In times of economic uncertainty, companies may reassess their sustainability goals and redirect resources towards more immediate financial concerns, leading to a reduced demand for our carbon verification and validation services. As organizations tighten their budgets, initiatives focused on carbon neutrality and sustainability may be scaled back or eliminated, directly impacting our revenue streams. This shift could be influenced by evolving regulatory landscapes, increased scrutiny of carbon offsetting effectiveness, or negative public perception about the voluntary carbon markets. Further, amendments to existing climate policies, carbon pricing mechanisms, or sustainability standards could alter the demand for carbon verification and validation services. For instance, relaxation of carbon emission standards or introduction of alternative compliance mechanisms could reduce the need for our services. Innovative business models, or new sustainability standards could attract organizations' attention and investment, diverting focus away from traditional carbon offsetting. This competition may lead to price pressures, reduced market share and decreased revenue, emphasizing the need for us to continuously adapt and innovate.

The carbon offset industry has experienced significant growth in recent years, driven by increasing global awareness of climate change and the need for sustainable practices. As governments and corporations strive to meet emission reduction targets, demand for carbon offset services is expected to grow. However, the industry faces potential disruptions from regulatory changes, technological advancements, decline in voluntary approach and shifting market dynamics. A decline in the requirements of our services, whether due to evolving economic downturns, or unforeseen external factors, could adversely impact our ability to increase or effectively manage our sales and have an adverse effect on our business and results of operations.

**2. *Our business faces risks from declining revenues generated from regulatory carbon market due to the transition from Clean Development Mechanism (CDM) to Article 6.4 mechanism under the Paris Agreement and uncertainty around timelines for implementation of the regulatory framework under the Paris Agreement.***

Our Company provides validation and verification services in both regulatory and voluntary carbon markets. We are vulnerable to adverse developments in the carbon offset industry, including changes in policies or decreased demand.

The global response to climate change, led by the United Nations Framework Convention on Climate Change (UNFCCC), has evolved significantly over the years. The Kyoto Protocol, adopted in 1997, operationalized the UNFCCC by committing industrialized countries and economies in transition to limit and reduce greenhouse gas emissions. Under the Kyoto Protocol, countries were required to meet their targets primarily through national measures or market-based mechanisms including Clean Development Mechanism (CDM). The Paris Agreement, adopted in 2015, is the successor to the Kyoto Protocol's CDM and involves commitments from all countries to reduce greenhouse gas emissions through nationally determined contributions (NDCs). Unlike the Kyoto Protocol which set binding targets for developed countries, the Paris Agreement involves commitments from all countries to reduce greenhouse gas emissions, with each country determining its own nationally determined contributions (NDCs) based on its circumstances.

Article 6.4 of the Paris Agreement defines a mechanism that can be understood as a modified and ‘improved’ version of the Clean Development Mechanism (CDM). The rules and modalities that govern Article 6.4 mechanism are still being developed. Once they are operational, the Article 6.4 supervisory body will register projects and countries will be able to approve and authorize activities under Article 6.4. (*Source: CRISIL Report*). The lack of clarity on the transition process and timelines from CDM to Article 6.4 mechanism affects our ability to adapt and plan for the future. Furthermore, the regulatory framework governing Article 6.4, including rules, modalities and procedures, remains ambiguous which creates uncertainty about future operational requirements.

As CDM projects transition to the Article 6.4 mechanism under the Paris Agreement, our revenues from regulatory carbon market have seen a downward trend having declined from 35.19% of our total revenues in Fiscal 2022 to 11.88% in Fiscal 2023 to 3.44% in Fiscal 2024 and to 2.24% in six months period ended September 30, 2024. If the regulatory carbon market remains less active or revenues continue to decline, our business may be adversely affected. We monitor market trends, adapt to changing market conditions, regulatory frameworks and customer needs, however, there can be no assurance that we will be able to effectively mitigate the risks associated with the transition of CDM projects to Article 6.4 under the Paris Agreement.

**3. *Changes in global climate policies or commitments by world economies can reduce demand for our services, disrupt carbon pricing mechanisms and undermine confidence in climate solutions which may adversely affect our financial condition and business prospects.***

We are vulnerable to policy shifts or reversals by world leaders on climate commitments, which could adversely impact our operations and prospects. The withdrawal of the United States from the Paris Agreement under the Trump administration effective 2020, for instance, demonstrated the potential for policy changes to affect market sentiments, undermine global climate action and raises uncertainty about continuity of global climate actions. Similar policy shifts or reversals in the future could reduce demand for carbon credits and emissions reduction projects, decrease investment in climate change mitigation and adaptation efforts, alter regulatory frameworks and certification standards and increase uncertainty and volatility in the climate change sector.

Furthermore, uncertainty and potential instability in the climate change sector can affect business operators and service providers like us, who depend on predictable and consistent policy frameworks to plan and implement climate-related strategies and investments. This volatility can undermine confidence and investment in climate solutions, impact the effectiveness of global climate action, affect the credibility and reliability of carbon pricing mechanisms and disrupt the development and implementation of climate-resilient infrastructure and technologies. As a result, our ability to operate effectively and provide services to our clients may be compromised, leading to reduced revenue and profitability, decreased demand for our services, increased uncertainty and volatility in our operations, adverse impact on our ability to attract and retain clients and reduced investment in climate change mitigation and adaptation efforts.

The consequences of such policy shifts and uncertainty can be far-reaching, impacting not only our business but also the global efforts to address climate change. Our success depends on our ability to adapt to changing policy landscapes and market conditions. To mitigate these risks, we monitor policy developments and suitably adapt our business strategies, diversify our service offerings to mitigate reliance on specific policies or frameworks, engage with stakeholders to promote climate action and policy stability and maintain flexibility in our operations to respond to changing market conditions. However, there can be no assurance that we will be able to effectively mitigate the risks associated with policy shifts and uncertainty, which could adversely affect our business, financial condition and prospects.

**4. *Our past growth rates may not be indicative of our future growth. Our inability to manage the growth of our operations could disrupt our business and reduce our profitability.***

We have experienced significant growth in our revenue from operations and profitability in the last three Fiscals and anticipate that we will continue to potentially grow, expand into new geographies and take advantage of market opportunities. For the Fiscal 2024, Fiscal 2023 and Fiscal 2022, our revenues from

operations were ₹4,679.34 Lakhs, ₹3,239.29 Lakhs and ₹1,011.17 Lakhs, respectively, registering a CAGR of 115.12% in three years. Our PAT has grown from ₹128.20 Lakhs in Fiscal 2022 to ₹1073.58 Lakhs in Fiscal 2023 and further to ₹1933.60 Lakhs in Fiscal 2024 registering a CAGR of 288.36% in three years.

The success of our business depends on our ability to effectively implement our business and growth strategy. Our growth strategy includes growing our service portfolio, strengthening our brand, deepening our penetration in existing markets and expanding our presence in select new territories. We expect that growth in our business will require us to continuously improve our operational, financial and internal controls. Our ability to continue to grow consistently will depend on several factors beyond our control, including the level of competition for opportunities for inorganic growth, increased demand for services and our ability to successfully manage our organic growth. We cannot assure success of our growth strategy. Failure to manage growth could adversely affect our ability to capitalize on new business opportunities, place us at a competitive disadvantage, limit our growth, negatively impact business prospects, results of operations and cash flows.

Our Company's significant increase in profits and revenue over the last three Fiscals could be attributed to several reasons including increase in the number of projects undertaken (from 60 in Fiscal 2022, 169 in Fiscal 2023 to 219 in Fiscal 2024), higher productivity of employees, increase in average contract value from ₹7.31 Lakhs in Fiscal 2022, ₹14.46 Lakhs in Fiscal 2023 to ₹17.18 Lakhs in Fiscal 2024 and improvement in our brand positioning. If market demand shifts, reducing access to high-margin projects, our revenue growth could be adversely affected.

While the business has grown over the past, the past growth rates may not be indicative of our future growth. We may not be able to properly assess the risks, economic viability and prospects of such opportunities and cannot assure you of any revenue from or profitability of such business opportunities we intend to pursue.

As we grow, we may face increased challenges that could impact our growth trajectory, including challenges in maintaining high levels of customer satisfaction; adhering to execution standards and key performance indicators specified by our customers; preserving a uniform work environment across our operations; standardizing services; maintaining effective oversight of personnel; coordinating effectively across geographies; navigating regulatory requirements to which we are exposed due to our growing global footprint; and developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

5. *A significant portion of our business is derived from the overseas market, primarily from projects undertaken in African and Asian countries. Any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.*

We have historically derived a significant portion of our revenues from international markets, primarily Africa and Asia. During the six months period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, the revenues generated from overseas services amounted to ₹1850.84 Lakhs, ₹3432.90 Lakhs, ₹2486.54 Lakhs and ₹611.39 Lakhs respectively, representing 84.55%, 73.36%, 76.76% and 60.46% of our consolidated revenues from operations.

The table below sets forth details of our revenue from operations across geographies for the periods indicated:

Regions	For the six months period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of total revenue from operations	Amount (₹ in Lakhs)	% of total revenue from operations	Amount (₹ in Lakhs)	% of total revenue from operations	Amount (₹ in Lakhs)	% of total revenue from operations
Asia*	435.31	19.89	1109.50	23.71	849.30	26.22	266.13	26.32
Africa	783.96	35.81	1678.90	35.88	1098.63	33.92	177.66	17.57

Europe	245.99	11.24	232.58	4.97	170.67	5.27	24.94	2.47
North America	119.23	5.45	187.22	4.00	104.17	3.22	28.67	2.84
South America	225.57	10.30	162.10	3.46	249.42	7.70	96.38	9.53
Australia	40.78	1.86	62.60	1.34	14.35	0.44	17.61	1.74
<b>Total</b>	<b>1850.84</b>	<b>84.55</b>	<b>3432.90</b>	<b>73.36</b>	<b>2486.54</b>	<b>76.77</b>	<b>611.39</b>	<b>60.47</b>

*\*excluding revenues from operations in India.*

Any materially adverse social, political or economic development, natural calamities, civil disruptions, regulatory developments or changes in the global policies could adversely affect our activities, result in modification of our business strategy or require us to incur significant expenditure, which will in turn have a material adverse effect on our business, financial condition, results of operations and cash flows. Further, our sales from these regions may decline as a result of increased competition, regulatory action, pricing pressures, fluctuations in the demand for or supply of carbon credits, the outbreak of an infectious disease such as COVID-19. We also face the risks associated with geopolitical tensions in certain countries in which we operate, including political conflicts. Although, we do not believe that we face imminent political risks in the countries in which we currently operate, we cannot assure you that our operations will not be impacted by future geopolitical events.

We may also face other challenges, including those relating to our lack of familiarity with the social, political, economic and cultural conditions of these regions, language barriers, difficulties in staffing, immigration requirements for manpower and managing such operations and the lack of brand recognition and reputation in such regions. Further, we may face the risk that our competitors may be better known in other markets, enjoy better relationships with customers and international counterparties, gain early access to information regarding attractive projects and be better placed to bid for and be awarded such projects.

Additional risks associated with international operations include difficulties in enforcing contractual rights, the burdens of complying with foreign laws and potentially adverse tax consequences, including permanent establishment and transfer pricing issues, tariffs, quotas and other barriers and potential difficulties in collecting accounts receivable.

Further, although our reporting currency is Indian Rupees, we transact a significant portion of our business in several other currencies, primarily in USD, Euro, GBP, SGD and AED. Our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, may have an adverse impact on our results of operations, cash flows and financial condition. The table below sets forth details of our loss on foreign exchange fluctuation in the years indicated:

Particulars	September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations
Loss on foreign exchange fluctuation	17.86	0.81	72.22	1.54	32.67	1.01	10.10	1.00

We cannot guarantee that we will not experience losses on account of fluctuations in currencies going forward. For further details, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting our Results of Operations — Fluctuations in currency exchange rates” on page 333.

As we provide services to customers outside India, we are subject to numerous, and sometimes conflicting, legal rules on matters as diverse as taxation, sanctions, government affairs, internal and disclosure control obligations, data privacy. If we do not effectively manage our international operations and the associated management, legal, tax and economic risks and exchange rate fluctuations, it may affect our profitability from operations in such countries, which may adversely affect our business, financial condition and results of operations. Violations of laws or regulations in the conduct of our business could result in fines, criminal sanctions against us or our officers, prohibitions on doing business, damage to our reputation and other unintended consequences such as liability for monetary damages, fines and/or criminal prosecution, unfavourable publicity, restrictions on our ability to process information and allegations by our customers that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws might be insufficient to protect our rights. Our failure to comply with applicable legal and regulatory requirements could adversely affect our business, cash flows, financial condition and results of operations.

**6. A significant portion of the Net Proceeds is proposed to be utilized towards building a novel technology infrastructure for enhancing operational efficiency which poses risks related to untested technology, inadequate expertise and unforeseen costs.**

Our Company intends to utilize a significant portion of the Net Proceeds to develop and deploy a novel technology infrastructure for digitizing the entire process of validating and verifying carbon projects using a Digital Monitoring Reporting & Verification (DMRV) system. As a first-time investor in this technology, we face significant risks associated with this investment. Our lack of experience in technology investments may lead to poor allocation of resources, inadequate project planning and insufficient risk assessment.

However, we face risks associated with the availability and costs of this infrastructure. Unforeseen increases in costs or delays in deployment could adversely impact our growth prospects.

Our Company is investing in the DMRV technology for the first time which is aimed at enhancing operational efficiency and streamlining processes by reducing the time and effort required from our employees rather than directly amplifying the revenue. Given that our employee costs constitute a significant portion, optimizing their productivity is crucial for improving our profitability. Set forth below are our employee benefits expenses, as a percentage of our consolidated revenues from operations, for the six months period ended September 30, 2024, Fiscal 2024, 2023 and 2022:

Particulars	September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (in ₹Lakhs)	(%) of revenue from operations	Amount (in ₹Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations
Employee benefits expenses	629.54	28.75	1048.66	22.41	873.32	26.96	373.99	36.99

While the DMRV system is expected to enable us to complete more projects in less time, its direct impact on revenue growth may not be immediate. The primary benefit of this investment lies in its potential to make our operations more efficient and effective, positioning us for long-term growth by increasing our project capacity. However, the financial returns from this investment may take some time to materialize as the benefits focus on operational improvements rather than immediate enhancement in revenues. As per the CRISIL Report, streamlining Monitoring, Reporting, and Verification (MRV) processes through standardized methodologies and innovative technologies can reduce costs and improve data transparency.

Furthermore, the DMRV system is a relatively untested and novel technology, posing additional risks. As one of the first deployments in carbon validation and verification sector, there is limited precedent for its effectiveness, scalability and reliability. This nature of the technology increases the likelihood of unforeseen challenges, including technical difficulties, integration issues and unanticipated costs.

The deployment of this untested technology may result in delays or failures in meeting project timelines and milestones, increased costs due to unforeseen technical complexities or required customizations, difficulty in attracting and retaining skilled personnel with expertise in DMRV systems, potential incompatibility with existing infrastructure or systems, uncertainty regarding regulatory acceptance and compliance, limited availability of support and maintenance services. These risks may compromise our ability to achieve the anticipated benefits from our DMRV system investment, ultimately affecting our growth prospects, financial condition and competitiveness. Our inability to effectively manage these risks could lead to decreased operational efficiency, reduced profitability and a compromised competitive position. We cannot assure that our DMRV system investment will yield the anticipated benefits or that we will be able to overcome the challenges associated with pioneering this technology.

Further, the completion of the setting up of such technology is dependent on our ability to arrange finance through Net Proceeds or otherwise, the performance of external agencies which are responsible. We cannot assure you that we will be able to arrange for such finance on time. Further, we cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. We may not be able to identify suitable replacement external agencies in a timely manner. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns. However, if we decide to raise additional funds through the issuance of equity or equity-linked instruments, the interests of our shareholders may be diluted. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business prospects could be adversely affected. If we are unable to realise returns on such investments in technology, our future business, ability to achieve profitability and financial condition may be adversely affected. For further details, please see the heading “*Details of the Objects of the Fresh Issue*” in the chapter “*Objects of the Offer*” on page 101 of this Draft Red Herring Prospectus.

**7. *We are subject to regulatory requirements in the performance of services and any failure to comply with such requirements could adversely affect our reputation, business, financial condition, results of operations and cash flows.***

As we operate in a regulated environment, our validation and verification activities are subject to oversight by the accrediting bodies and registries / standards that track, verify and issue the carbon credits produced by carbon offset projects that we validate and verify. Our Company holds three accreditations from United Nations Framework Convention on Climate Change (UNFCCC), Global Accreditation Bureau (GAB) and ANSI National Accreditation Board (ANAB) which authorizes us to provide services to carbon offset projects under 15 registries / standards such as Verra, Gold Standard, Global Carbon Council. Maintaining these accreditations and registrations is essential for sustaining our Company’s operations. Failure to adhere to regulatory requirements and quality management standards could have an adverse impact on our business, results of operations and reputation.

Non-compliance with regulatory requirements may result in actions against us, including sanctions, temporary or permanent restrictions on operating in certain jurisdictions and withdrawal or cancellation of accreditations or registrations from specific markets. This could also impact applications for new accreditations or registrations or renewal of existing ones. Moreover, loss of key accreditations or registrations which could result in contracts being terminated and difficulty in securing new business and adversely affect the financial stability and overall operational results of the Company.

Non-compliance with regulatory requirements or cancellation or revocation of any accreditations or registrations can damage our Company’s reputation, credibility, weaken stakeholder confidence, lead to negative publicity and affect our relationships with the regulatory bodies. Financially, such non-compliance may result in additional costs towards legal fees and potential penalties, which may adversely affect our business performance and cash flows.

While there have been no critical adverse remarks or observations during audits or inspections by accrediting bodies and registries / standards in the last three fiscals, we cannot assure you that we will continue to be in compliance with the relevant regulatory requirements in the future.



Obtaining new accreditations and registrations or renewing existing ones are subject to numerous conditions, which we cannot assure you that we will satisfy. We are also subject to ongoing reporting requirements which we may not be able to always undertake. While in the past, our application for any new accreditation, registration or renewal has not been rejected, we cannot assure no such rejection will occur in the future. Occurrence of any such rejection could adversely affect our business, financial condition and results of operations.

8. ***The industry where we operate is employee intensive with a high rate of attrition. There is a possibility that we may not be able to retain skilled professionals or attract new skilled professionals in the future. The loss of skilled professionals may adversely affect our business, results of operations and financial condition.***

The specialized nature of our services requires a skilled workforce. Significant resources are required for attracting and retaining good talent in these fields, especially as the demand for carbon verification and validation services continues to grow. The nature of our work involves complex and technical tasks that require a reasonable understanding of environmental science, regulatory frameworks and advanced analytical skills. Our validators and verifiers are required to have mandatory qualifications, accreditation knowledge and project audit experience, ensuring our services meet industry standards, regulatory requirements and best practices. As a result, our business operations are heavily dependent on skilled workforce who possess the necessary qualifications and experience to navigate these challenges effectively.

We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires.

If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial results, results of operations and cash flows may be materially and adversely affected. As per the CRISIL Report, in service sectors, employee related expenses including salaries, benefits, and training can account for anywhere from 15% to 30% of total revenues. Our employee costs constitute a significant portion of our revenues from operations. Set forth below are our employee benefits expenses, as a percentage of our consolidated revenues from operations, for the six months period ended on September 30, 2024, Fiscal 2024, 2023 and 2022:

Particulars	September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations
Employee benefits expenses	629.54	28.75	1048.66	22.41	873.32	26.96	373.99	36.99

Our salaries and employees expenses may increase in the future due to various factors, including ordinary course pay increases, inflation, a rise in minimum wage levels, enhancement in social security measures, competition for talent or through changes in regulations in the jurisdictions from where we deliver our services. Our results of operations may be adversely affected if we are unable to pass on such increases in expenses to our customers on a concurrent basis or to charge higher prices when justified by market demand.

We face additional risks related to employee attrition (calculated as the number of employees separated from the Company in the relevant period divided by average number of employees during the relevant period), with rates of 15.58%, 27.27%, 37.04% and 43.64% in six months period ended September 30, 2024, Fiscals 2024, 2023 and 2022, respectively. Except as disclosed in “Our Management” beginning on page 217, during the last three Fiscals, we did not experience any attrition of our Key Managerial Personnel or members of our Senior Management. Our failure to recruit, retain and train qualified management, experienced personnel, or to control labour costs, could harm our business and results of operations.

**9. *Concerns over carbon credit integrity and greenwashing create a negative public perception and may adversely affect our Company's growth and revenues from validation and verification services in the voluntary carbon market.***

Our Company operates in the voluntary carbon market (VCM) which faces significant challenges related to carbon credit integrity and public perception. Greenwashing refers to the practice of making false or misleading claims about the environmental benefits or sustainability of a product, service or company. Negative public perception, doubts about carbon credit quality and concerns over greenwashing threaten the growth and reputation of our Company. The lack of confidence in carbon credits' integrity undermines their intended purpose, eroding trust in companies involved in trading them.

Customers, investors and regulators may see these companies as less trustworthy, which can affect their business relationships and opportunities. This makes it harder for companies to gain support for their environmental initiatives, affecting their business relationships and opportunities. If stakeholders perceive the carbon credits to be ineffective, they may withdraw their investment or support or seek alternative environmental solutions, which could lead to decreased demand for verification and validation services, slowed growth and loss of revenue.

A trustworthy Voluntary Carbon Market will increasingly provide companies with the opportunity to use them to meet their voluntary climate commitments. Recently, several initiatives in the Voluntary Carbon Markets (VCM) have aimed to enhance market integrity by establishing common frameworks and standardizing carbon credit verification and certification. *(Source: CRISIL Report)*

According to the CRISIL Report, the Voluntary Carbon Markets Integrity Initiative (VCMI) launched its Claims Code of Practice in 2023, providing companies with guidelines for credible carbon credit use and climate claims. The U.S. Government's Joint Policy Statement and Principles, released in May 2024, aligns with VCMI's Claims Code and supports high-integrity VCMs. Additionally, the EU's Carbon Removal Certification framework and Carbon Removals and Carbon Farming (CRCF) Regulation establish quality criteria and verification processes for carbon removals.

These developments are expected to build trust and confidence in carbon markets, enhance demand for voluntary carbon credits, support market growth, boost participation and unlock investment. However, there is no assurance that these initiatives will be effective in addressing all concerns around carbon credit integrity including elimination of greenwashing concerns, restoration of public trust, or prevention of future integrity issues in the Voluntary Carbon Market.

**10. *Prices of carbon credits are volatile which can prevent companies from undertaking carbon offset projects and deter market participation. Volatility in carbon credit pricing exposes our business to decreased demand for our services, impacting revenue streams and growth prospects.***

We are exposed to risks due to the volatile nature of carbon credit pricing. Carbon pricing is influenced by dynamic interactions between supply and demand, which can fluctuate substantially due to various factors. This volatility creates uncertainty for companies considering investments in carbon reduction or offset projects, particularly those requiring long-term financial commitments.

When prices are volatile, companies may hesitate to commit to these projects, fearing insufficient returns on investment. This uncertainty can lead to project delays or cancellations, reducing potential revenue from selling carbon credits and affecting project financial viability. As a result, market participation may decrease as companies reassess their involvement in carbon credit markets due to price uncertainty which could have adverse effects on the development and implementation of sustainable projects.

Relatively high price levels in several systems, coupled with an increasing use of auctioning as an allocation method, resulted in yet another record year for the collection of auctioning revenues. Revenues from carbon pricing continued to increase in 2023, exceeding the threshold of USD 100 billion for the first time. Total

revenues from carbon taxes and ETSs in 2023 was USD 104 billion, representing an increase of around 4% in real terms. (Source: CRISIL Report)

Companies relying on carbon credit sales to fund these initiatives face significant financial challenges when credit prices drop unexpectedly. Sudden decline in revenues can jeopardize project viability, making it difficult for companies to maintain their commitment to sustainability goals. As a result, new project development may slow down and investment in carbon reduction initiatives may decrease. Decreased market liquidity can reduce trading activity, intensify price volatility and further deter market participation. Moreover, eroded confidence among investors and stakeholders can make it increasingly difficult to secure funding and support for future climate initiatives.

Our business is impacted by the volatility in carbon credit pricing. Reduced market participation, decreased project development and slowed investment in carbon reduction initiatives translate to fewer verification and validation opportunities for our Company which could result in decreased demand for our services and adversely affect our revenue streams and growth prospects.

**11. *Our Company does not have any listed industry peers in India and it may be difficult to benchmark and evaluate our financial performance against other operators who operate in the same industry as us.***

Our Company primarily operates in a niche segment of providing validation and verification services to the customers in the voluntary carbon market. We do not have any listed industry peers in India to benchmark our financial performance. Lack of comparable industry data may make it challenging for investors to assess our revenue growth and profitability relative to industry standards, evaluate our operational efficiency and cost structure, compare our key performance indicators (KPIs), such as customer acquisition costs, retention rates and project completion rates, benchmark our accounting ratios, including return on equity, return on assets and debt-to-equity ratio, analyse our Non-GAAP Measures, such as adjusted earnings before interest, taxes, depreciation and amortization (EBITDA).

Without industry benchmarks, investors must rely on their own examination of solely on our internal metrics and KPIs, which may not provide a comprehensive understanding of our performance for the purposes of investment in this Offer.

Our competitive position may differ from the presentation in this Draft Red Herring Prospectus and any valuation exercise undertaken for the purposes of the Offer by our Company, in consultation with the BRLM, may not be based on a benchmark with our listed industry peers in India.

The relevant parameters based on which the Price Band would be determined, shall be disclosed in the advertisement that would be issued for publication of the Price Band. Lack of comparability may result in significant fluctuations in the market price of our Equity Shares in response to various factors, including variations in our operating results, market conditions specific to the VCM industry, developments relating to India, announcements by us or our competitors of significant acquisitions, strategic alliances, other external conditions or situations, announcements by third parties or governmental entities of significant claims or proceedings against us, volatility in the securities markets in India and other jurisdictions, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications and changes in economic, legal and other regulatory factors.

**12. *There have been some instances of incorrect filings with the Registrar of Companies and other non-compliances under the Companies Act in the past which may attract penalties.***

There have been certain non-compliances incurred by us under the Companies Act as well as discrepancies in relation to statutory filings required to be made by us thereunder, including the following in respect whereof we have filed adjudication applications, compounding applications or intimation letters, as applicable, with the Regional Director and the RoC:

- (a) We had failed to adopt consolidated financial statements for FY 2021-22 (which included the consolidation of the Company's wholly owned subsidiary in the UK) and for FY 22-23 (which included

the consolidation of the Company's wholly owned subsidiary in Turkey) in non-compliance with the provisions of section 129(3) of the Companies Act. The Company has adopted the consolidated financial statements for FY 2021-22 and FY 2022-23 at the AGM held on September 30, 2024, and had voluntarily filed a compounding application dated October 1, 2024, before the Hon'ble Regional Director, Northern Region in terms of section 129 read with section 441 of the Companies Act for compounding the said non-compliances. The Hon'ble Regional Director has vide order dated December 16, 2024, compounded the said offence on payment of the compounding fees of ₹4.00 Lakh each imposed on the Promoters and Directors, Kaviraj Singh and Ashok Kumar Gautam, for such non-compliance.

- (b) The statutory audit report for FY 2020-21 inadvertently stated that the Company was not a going concern and that the financial statements were prepared on historical cost basis. In this regard, our Company is in receipt of a clarification letter dated June 3, 2024 from its statutory auditors confirming that the said statement(s) were included in the audit report due to a clerical error and that the report did not reflect their true opinion regarding the Company's going concern status. The auditors have further clarified that they did not intend to imply that the Company is not a going concern or suggest any material uncertainties about the Company's ability to continue operations. In this connection, our Company along with Kaviraj Singh and Ashok Kumar Gautam, Promoters and Directors of our Company and Sanjeev Kumar, former Director of our Company have, voluntarily filed a compounding application dated October 1, 2024, before the Hon'ble Regional Director, Northern Region in terms of section 143, 147 read with section 441 of the Companies Act for compounding the said non-compliance. The matter is currently pending before the Regional Director.
- (c) Our Company had delayed in filing Form ADT-1 for FY 2020-21 and FY 2021-22 as required under Section 139 of the Companies Act, 2013 with the RoC. Further, Form ADT-1 filed by our Company for appointment of Auditor for the period of five years, i.e. from FY 2022- FY 2027, contained certain inadvertent errors. Our Company along with Kaviraj Singh and Ashok Kumar Gautam, Promoter and Directors of our Company and Sanjeev Kumar, former Director of our Company have voluntarily filed a compounding application dated September 30, 2024 before the Hon'ble Regional Director, Northern Region, New Delhi. The matter is currently pending before the Regional Director.
- (d) Our Company has defaulted in complying with the provisions of section 92 of the Companies Act to the extent certain information has not been disclosed or incorrectly disclosed in the annual returns filed by the Company for Fiscal 2019, 2020, 2021, 2022 and 2023. To rectify this default, our Company along with Kaviraj Singh and Ashok Kumar Gautam, Directors of our Company and Sanjeev Kumar, former Director of our Company have on December 18, 2024 voluntarily filed an adjudication application under section 454 of the Companies Act. The matter is currently pending before the RoC.
- (e) Our Company has defaulted in complying with the provisions of section 134 of the Companies Act to the extent certain information has not been disclosed or incorrectly disclosed in the board reports returns filed by the Company for Fiscal 2019, 2020, 2021, 2022 and 2023. To rectify this default, our Company along with Kaviraj Singh and Ashok Kumar Gautam, Directors of our Company and Sanjeev Kumar, former Director of our Company have on December 18, 2024 voluntarily filed an adjudication application under section 454 of the Companies Act. The matter is currently pending before the RoC.
- (f) Our Company has, vide its letter dated November 21, 2024, addressed to the RD, intimated details of certain inadvertent errors in the filings made with the RoC in the past.

Except as disclosed above, no regulatory action, fine or penalty has been taken/ levied on our Company for the above-mentioned purported defaults / non-compliances. We cannot assure you that no such regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors/ officers in relation to the same, our business and financial condition could be adversely affected.

**13. *Voluntary carbon market currently lacks a single, universally accepted standard for verification methodologies due to which asymmetry remains significant hurdle***

The voluntary carbon market currently faces challenges due to the absence of a single, universally accepted standard for verification methodologies. This lack of standardization results in various standards and practices being used to validate the effectiveness of carbon offset projects, leading to inconsistencies in measuring and reporting carbon reductions. Without a standardized methodology, it becomes challenging to ensure that carbon credits represent genuine and verifiable reductions in greenhouse gas emission.

Consequently, this lack of standardization creates significant asymmetry in the market. Buyers may struggle to compare the credibility and effectiveness of different carbon offset projects, potentially leading to skepticism about the true environmental impact of their investments. The uneven quality and verification processes across projects undermine trust and complicate the market dynamics, making it difficult for stakeholders to confidently engage in or support carbon offsetting efforts. Addressing this issue by establishing a universally accepted verification standard could help enhance the market's reliability and effectiveness.

**14. *We rely on our information technology systems and certain infrastructure to provide services to our customers. If our information security measures are compromised or we fail to acquire or develop necessary technological infrastructure, our business, reputation and financial condition could be adversely affected.***

Our business relies on the processing, storage and transmission of large amounts of data, most of which is confidential and/or potentially sensitive. We rely on our information technology systems for our operations and its reliability and functionality is critical to our business success. These systems support critical functions such as data management, project tracking, compliance monitoring and communication with customers and stakeholders. Our growing dependence on the IT infrastructure, applications and data has caused us to have a vested interest in its reliability and functionality, which can be affected by several factors, including, the increasing complexity of the IT systems, frequent change and short life span due to technological advancements and data security. Any disruption or failure in IT systems can lead to delays, errors and inefficiencies, impacting our company's ability to deliver services effectively and meet deadlines. Furthermore, IT system failures can compromise data security and client confidentiality, potentially leading to regulatory penalties and loss of trust. Ensuring the reliability and functionality of IT systems is therefore crucial for maintaining operational effectiveness and achieving business success in this sector. A user who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against these threats. If our IT systems malfunction or experience extended periods of down time, we may not be able to run our operations safely or efficiently. We may suffer losses in revenue, reputation and volume of business and our financial condition and results of operation may be materially and adversely affected. Any cyber incidents could result in a loss of confidence in the security of our services, damage our reputation and lead to legal liability (including class action litigation). While we have not faced any material security breaches or cyber incidents during the last three Fiscals, we cannot assure you that such instances will not occur in the future. Any future failure in security measures could have an adverse effect on our business, reputation and financial condition

In addition, we could face litigation, significant damages for contract breach or other breaches of law, significant monetary penalties, or regulatory actions for violation of applicable laws or regulations and incur significant costs for remedial measures to prevent future occurrences and mitigate past violations.

Additionally, our Company requires certain technology and infrastructure such as mapping capabilities, tools for data analysis and verification, etc. to provide validation and verification services to our customers. However, we currently do not possess all the necessary technology and infrastructure required to effectively conduct our business operations. If we are unable to acquire or develop these necessary technologies and infrastructure, our ability to deliver quality services to our customers may be compromised, leading to reduced competitiveness, decreased revenue and profitability, increased costs associated with outsourcing or leasing technology, difficulty in expanding our service offerings and Increased risk of errors or inaccuracies in our

services. While we intend to invest in developing and acquiring necessary technologies and infrastructure, there can be no assurance that we will be successful in doing so, which could have a material adverse effect on our business, financial condition and results of operations.

***15. Termination, modification, or unfavorable interpretation of Double Taxation Avoidance Agreements (DTAA) with the countries where we have our operational presence could increase tax expenses, reduce cash flows and decrease profitability.***

Our Company undertakes projects in multiple jurisdictions and has presence through subsidiaries in the UK, UAE, Russia and Turkey. We derive benefits from Double Taxation Avoidance Agreements (DTAA) between India and these countries which eliminate dual taxation of income, reducing our tax liabilities and enhancing profitability. However, there is a risk that these agreements may be terminated, modified, or interpreted unfavorably, impacting our business operations. Any changes to DTAA could adversely affect our financial performance and profitability.

Termination or adverse changes to DTAA could occur due to various reasons, including changes in tax policies or laws, shifts in international economic conditions, trade disputes or diplomatic tensions and breaches of treaty obligations. The Indian government or the governments of the countries where we have operational presence may re-negotiate, terminate, or withdraw from these agreements, impacting our tax efficiency.

If DTAA benefits are discontinued or reduced, our Company may face significant increases in tax expenses, reduced cash flows, decreased profitability and increased financial burdens which could compromise our ability to invest in growth initiatives and return value to shareholders.

***16. We are subject to risks associated with expansion into new geographic regions.***

Expansion into new geographic regions exposes us to various challenges, including those relating to our lack of familiarity with the culture, local laws and regulations and economic conditions, language barriers, difficulties in staffing and managing such operations and the lack of brand recognition and reputation in such regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected and we may face significant competition in such markets.

By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including lack of resources or requisite skill sets to comply with internal controls or manage an increased compliance burden or potential liability associated with operating in multiple countries; compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation; foreign ownership constraints and uncertainties with new local business partners, local preferences and service requirements; fluctuations in foreign currency exchange rates; inability to effectively enforce contractual or legal rights and adverse tax consequences; stringent as well as differing labour and other regulations; differing domestic and foreign customs, tariffs and taxes; exposure to expropriation or other government actions; changes in geopolitical conditions and diplomatic relations; other political, economic and social instability; and foreign exchange control regulations, including restriction on remittance of funds or repatriation of profits from one country to other, levying of withholding taxes on remittance/ repatriation.

By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

***17. We are dependent on few customers for a portion of our revenue. Any failure to continue our existing arrangements could adversely affect our business and results of operations***

Our sales are concentrated to a few customers for a portion of our revenues. The table below sets out sales from our top 5 customers and top 10 customers, including as a percentage of our revenue from operations on restated consolidated financial statement, for the period mentioned below:

Particulars	For the six months period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of Total Revenue	Amount (₹ in Lakhs)	% of Total Revenue	Amount (₹ in Lakhs)	% of Total Revenue	Amount (₹ in Lakhs)	% of Total Revenue
Top 5 customers	451.55	20.63	1167.33	24.95	852.99	26.33	318.66	31.51
Top 10 customers	654.00	29.87	1538.81	32.89	1275.20	39.37	474.48	46.92

Since our business is concentrated among relatively few customers, we could experience a reduction in our results of operations, cash flows and liquidity if we lose one or more of these customers or the amount of business we obtain from them is reduced for any reason, including but not limited on account of any dispute or disqualification. There can also be no assurance that our customers will continue engaging with us on current or similar terms. Further, there are a number of factors outside of our control that might result in the loss of a client, including changes in strategic priorities resulting in them exiting certain business segments and markets, regulatory pressures, or a change in strategy by moving more work to our competitors.

Although our Company maintains long-term relationship with our customers, there can be no assurance that we will continue to maintain such relationship with our customers in the future. Our inability to maintain our existing customers network could have a negative impact on our revenue, business growth prospects, result in slowdown of operation, financial conditions and cash flows.

**18. There have been certain FEMA related deficiencies in compliances in the past by our Company, with respect to issuance of securities of our subsidiaries and delays in relation to reporting requirements which may attract penalties.**

There have been some instances of defaults or incorrect / delayed filings under the FEMA in the past. For instance:

- (a) Our Company set up a 100% wholly owned subsidiary in the United Kingdom (UK), Earthood UK Limited (“**Earthood UK**”), on September 15, 2021. Earthood UK was incorporated with a paid-up capital of GBP 100. At the time of this investment, GBP 100 worth of equity shares were issued to our Company and the funds were remitted in September 2021. However, our Company failed to file the necessary forms with the RBI. The Company has rectified the default by filing Form FC along with all the required documents and applicable annexures as advised by its Authorized Dealer (AD) Bank with respect to the non-compliances. The RBI has in October 2024 allotted a Unique Identification Number (UIN) for this investment and levied a late submission fee (LSF) of ₹7,600/- which has been paid by our Company as on the date of filing of this Draft Red Herring Prospectus. Further, our Company has purchased Class B shares of Earthood UK in January 2024 for which necessary filings were not made. We are in the process of making the required filings, as advised by the AD Bank,
- (b) Our Company set up a 100% wholly owned subsidiary in Turkey, Earthood Karbon ve Çevresel Sertifikasyon Hizmetleri Anonim Şirketi (“**Earthood Turkey**”). Our Company has failed to file the necessary forms with the RBI in respect of the overseas direct investment made in Earthood Turkey in March 2023. We are in the process of submitting the necessary documents with the RBI. Our application is currently pending with our AD Bank.
- (c) We have defaulted in filing Form FLA (Foreign Liabilities and Assets Return) with the RBI for Fiscal 2022 and 2023 which have been subsequently filed with a delay.

- (d) We have not yet filed Annual Performance Report (APR) in respect of Earthood UK and Earthood Turkey for FYs 2021-22, 2022-23 and 2023-24, as applicable, on account of delay in generation of UIN for the subsidiaries.
- (e) Our Company set up a 51% owned subsidiary in Russia, Earthood Rus Limited Liability Company, on May 24, 2024. The investment in the subsidiary equivalent to 5,100 Russian Ruble (for 5,100 Equity shares) has been paid by one of the directors (being a Russian national) in Earthood Russia, into the bank account in Russia, on behalf of our Company. We are in the process of reimbursing the mentioned amount to the said director which, at present, is not being made possible due to sanction of Russian banks. We have submitted ODI documents with the AD bank for further process.

Except as disclosed above, no regulatory action, fine or penalty has been taken/ levied on our Company for the above-mentioned purported defaults / non-compliances. We cannot assure you that no such regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors/ officers in relation to the same, our business and financial condition could be adversely affected.

***19. Our international operations expose us to risks like travel restrictions, visa issues and regulatory changes that can delay service delivery and impact our business.***

We provide services to customers operating internationally, which requires sending our employees to global locations. In this regard, we are exposed to challenges related to physical movement restrictions, COVID-19 limitations, border regulation changes and visa rejections. Changes in visa policies also pose a significant risk. Our validators and verifiers may face difficulties obtaining travel permissions and visas to enter the countries where our customers are undertaking projects, which can delay service delivery. Furthermore, our Company may encounter issues managing personnel due to increased regulation of immigration or work visas, limitations on visa grants and restrictions on work performed on locations.

Any global measures aimed at limiting or restricting outsourcing, including tax disincentives and visa limitations, may impair our ability to service customers and adversely affect our business, financial condition and results of operations. While we monitor travel restrictions, visa policy changes and regulatory developments, we cannot assure you that that our efforts will fully address these challenges and that we will be successful in managing these risks.

Additional risks associated with international operations include difficulties in enforcing intellectual property and/or contractual rights, the burdens of complying with a wide variety of foreign laws, potentially adverse tax consequences, tariffs, quotas and other barriers and potential difficulties in collecting accounts receivable. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations. Additionally, such companies may have long-standing or well-established relationships with customers, which may put us at a competitive disadvantage. We may also face difficulties integrating new offices in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. There can be no assurance that these and other factors will not impede the success of our international expansion plans, limit our ability to compete effectively in other countries or otherwise adversely affect our business, cash flows, financial condition and results of operations.

***20. Our employees and customers may engage in misconduct or other improper or illegal activities, including misrepresentation, noncompliance with regulatory requirements and breach of contractual obligation.***

Our Company is vulnerable to risks of misconduct, non-compliance and breach of contractual obligations from both employees and customers. Any potential failure to comply with applicable laws and regulations, comply with contractual obligations, adhere to established manufacturing and quality control standards, or engagement in misconduct could adversely affect our operations.



Employee misconduct, including misrepresentation, bribery, or unauthorized disclosure of confidential information, could compromise the integrity and reliability of our services, which may lead to damage of our reputation and financial well-being. Furthermore, failure to comply with laws and regulations governing validation and verification services, or failure to adhere to industry standards and best practices, may result in legal liabilities, financial losses and disruption to operations.

While we have implemented policies and procedures to ensure employee compliance, conduct regular monitoring and maintain robust internal controls, there can be no assurance that our efforts will prevent all instances of misconduct or non-compliance.

***21. Our employees and third-party professionals are exposed to safety and security risks when traveling to remote locations, including accidents, loss of life, kidnapping, natural disasters and diseases.***

Our business requires deploying employees and third-party professionals at remote locations for undertaking services, exposing them to inherent safety and security risks which may include accidents or injuries, loss of life, kidnapping or hostage situations, armed conflicts, natural disasters, diseases or epidemics and political unrest or terrorism.

We prioritize the safety and well-being of our personnel and take measures to mitigate these risks, including purchasing travel insurance and providing training and emergency response plans, unforeseen events can still occur. Furthermore, the remote locations where we operate often have limited access to medical facilities, emergency services, or other support infrastructure, which can increase the risks.

In addition to the human toll, safety and security risks can also have significant financial implications. We may face costs associated with emergency response and evacuation, medical expenses, legal fees and potential liabilities. Our business and financial condition may also be adversely affected by operational disruptions and increased insurance premiums.

***22. Our Company relies on third-party professionals for rendering services at international locations, exposing us to risks if they fail to maintain quality standards or choose to terminate associations. Such disruptions could compromise compliance, accuracy and operational efficiency, ultimately affecting our business performance, reputation and financial stability.***

Our Company relies on third-party professionals across various international locations to provide services that support our operations. These external professionals are integral to ensuring compliance, conducting audits and delivering local insights that align with our business needs. We are exposed to risk if these professionals choose not to associate with us or fail to maintain required quality standards. The absence of reliable external support could lead to lapses in compliance, inaccuracies in reporting, or delays in service delivery, all of which can disrupt our operations and damage our reputation. Our ability to maintain consistent service quality, ensure regulatory compliance and execute projects efficiently depends on the reliability and expertise of these third-party professionals. As of November 30, 2024, our Company engages the services of 93 professionals while the number of on-roll employees stood at 88.

***23. We are heavily dependent on our Promoters, Key Managerial Personnel and Senior Managerial Personnel for the continued success of our business through their continuing services and strategic guidance and support.***

Our Company's continued success and growth is heavily dependent on the services, strategic guidance and support of our Promoters, Key Managerial Personnel and Senior Managerial Personnel. The vision, expertise and leadership of our Promoters, Dr. Kaviraj Singh and Ashok Kumar Gautam, have been instrumental in our growth. Our key personnel possess valuable experience and insights crucial to our business operations and strategic decisions. For further details on our Promoters, Directors, Key Managerial Personnel and Senior Managerial Personnel, see “*Our Management*” and “*Our Promoters and Promoter Group*” beginning on pages 217 and 233

We cannot assure that we will be able to retain these key individuals or find adequate replacements in a timely manner, or at all. Losing their services could adversely impact our business, results of operations and cash flows. The continuity and growth of our business depend on our ability to attract and retain qualified personnel. Our ability to be competitive in the market depends on our ability to attract and retain qualified personnel. We are dependent on the continued efforts and contribution of our Promoters, namely, Dr. Kaviraj Singh and Ashok Kumar Gautam who have directed the growth of our Company.

We do not maintain insurance against the loss of our Key Managerial Personnel, members of our Senior Management or other key personnel. If we lose their services, we may be unable to hire suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could adversely affect our business operations and affect our ability to continue to manage and expand our business. Increased hiring by our competitors and other businesses may lead to a shortage in the availability of qualified key personnel in the locations where we operate and hire which could impact our business operations and cash flows.

***24. The process of setting the cap level of emissions by the carbon markets is challenging as it requires a data-driven and collaborative approach. Absence of an optimal cap level may adversely impact on our business and revenues.***

The effectiveness of carbon credit markets, established through Cap-and-Trade policies, relies heavily on setting an optimal cap level. This cap determines the maximum amount of greenhouse gas emissions allowed by companies. However, finding the ideal cap level poses significant challenges. For instance, if the cap is set too high, the companies can meet compliance requirements without significant emission reductions. This can lead to a surplus of carbon credits, drive down prices and hinder investment in emission reduction projects. Conversely, if the cap is set too low, companies must make substantial emissions reductions, increasing demand for carbon credits and potentially leading to scarcity. This scarcity can cause carbon credit prices to rise.

The consequences of an improperly set cap level can significantly impact our business, financial condition and results of operations. A high cap reduces demand and lowers prices, while a low cap increases demand and drives prices up. This volatility can make it challenging for us to maintain a stable and profitable business model. As per the CRISIL Report, to mitigate these risks, governments need to employ a data-driven and collaborative approach to establish a balanced cap level.

Complicated market rules and administrative processes can deter new participants, reducing market efficiency. Furthermore, inefficient emissions monitoring and verification methods can increase costs and reduce data transparency. We cannot assure you that governments will establish and maintain optimal cap levels or that market complexities will be addressed effectively.

***25. There are outstanding litigations involving our Company, Promoters and our Directors. Any adverse outcome in any of these proceedings may adversely affect our reputation, results of operations and financial condition.***

Our Company, our Promoters and some of our Directors are involved in certain outstanding legal proceedings, which are pending at different levels of adjudication before various courts, tribunals and other authorities. The summary of outstanding litigation involving our Company, Promoters and Directors as on the date of this Draft Red Herring Prospectus has been provided below in accordance with the materiality policy adopted by our Board.

As of the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Company, the outcome of which could have a material impact on our Company. For details, please see “*Outstanding Litigation and Material Developments*” beginning on page 349.

<b>Name of the Entity</b>	<b>Criminal proceedings</b>	<b>Tax proceedings</b>	<b>Statutory or regulatory proceedings</b>	<b>Disciplinary actions by SEBI or stock exchanges against our Promoters</b>	<b>Material civil litigations</b>	<b>Aggregate amount involved (₹ in Lakhs)*</b>
<b>Company</b>						
By our Company	NIL	NIL	NIL	NA	NIL	NIL
Against our Company	NIL	NIL	4	NA	NIL	-**
<b>Directors<sup>#</sup></b>						
By the Directors	-	-	-	NA	-	-
Against the Directors	NIL	2	NIL	NA	NIL	4.29
<b>Promoters</b>						
By the Promoters	NIL	NIL	NIL	NIL	NIL	NIL
Against the Promoters	NIL	NIL	4	NIL	NIL	-**
<b>Subsidiaries</b>						
By the Subsidiaries	NIL	NIL	NIL	NA	NIL	NIL
Against the Subsidiaries	NIL	NIL	NIL	NA	NIL	NIL

\*To the extent quantifiable

\*\*Not ascertainable

<sup>#</sup>excluding Promoters

There can be no assurance that the aforesaid proceedings will be decided in favour of our Company, Promoters or our Directors, as the case may be. In addition, we cannot assure you that no additional liability will arise out of these proceedings that could divert our management's time and attention and consume financial resources. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. Any adverse order or direction in these cases by the concerned authorities even though not quantifiable, may have an adverse effect on our business, results of operations and financial condition. If any new proceedings are initiated or new developments arise, such as change in law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

Furthermore, if we get involved in disputes with third-parties in the course of our operations such as third-party auditors, customers and local external agents, the same may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule and the diversion of resources and management's attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to legal proceedings and unfavourable decisions that may result in penalties or delay or disrupt our development and operations.

**26. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with our Shareholders.**

We have entered into certain transactions with related parties in the past, including with our Promoters and from time to time, we may enter into related party transactions in the future. For further information on our related party transactions, please see "Note 42 – Related Party Transactions" in the chapter titled "Restated Consolidated Financial Statements" on page 297.

All related party transactions that we may enter into post-listing will be subject to an approval by our Audit Committee, Board, or Shareholders, as required under the Companies Act, 2013 and the SEBI Listing Regulations. Such related party transactions in the future or any other future transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.

**27. *Our business, results of operations and financial condition could be negatively affected if we incur legal liability in connection with providing our services.***

Our business, financial condition and results of operations are exposed to potential legal liability, including indemnification obligations, arising from our service provision. If we fail to meet our commitments to customers or breach our contracts, we may face legal consequences, including lawsuits, damages and reputational harm.

Our contracts may not fully protect us from liability and failure to fulfil our obligations or inadequate liability limitations could expose us to significant legal risks including claims for breach of contract, professional negligence or misconduct claims or non-compliance with applicable laws, which could negatively affect our business. While we have not faced any material legal issues in recent years, there is no guarantee that we will not encounter such issues in the future.

Any errors, defects, disruptions in service or other performance problems with our service could hurt our reputation and may damage our customers' businesses. If that occurs, customers could elect not to renew, or delay or withhold payment to us, we could lose future sales or customers may make warranty claims against us, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation.

**28. *Our Statutory Auditor has included certain qualifications and emphasis of matter in our Restated Consolidated Financial Statements***

The examination report dated December 17, 2024 prepared by our Statutory Auditors in respect of the Restated Financial Statements for Fiscals 2024, 2023 and 2022 contains certain qualifications and emphasis of matters paragraph. For details, please see "*Financial Information*" beginning on page 239.

As per the said report issued by our Statutory Auditors, there are no qualifications in the auditor's report on the audited financial statements of the Company as at and for each of the years ended March 31, 2024, 2023 and 2022, which require any adjustments to the Restated Consolidated Financial Statements. There can be no assurance that our audit reports for any future periods will not contain qualifications, emphasis of matters or other observations which could affect our results of operations.

**29. *None of our Directors are or were directors of listed companies.***

Our Directors hold directorships in other private or public companies. However, none of our directors have any prior experience of holding directorship in a company listed on the Stock Exchanges. While our Board members are qualified and have relevant experience in their respective fields, we cannot assure you that lack of experience as a director of a listed entity will not have any adverse impact on our operations as a listed company. Post listing of the Equity Shares, our Company will be subject to the applicable regulatory requirements, including the regulations prescribed under SEBI Listing Regulations and the Companies Act. We cannot assure you that we will be able to comply with the applicable regulatory requirements at all times. Any non-compliance with the regulatory framework, due to lack of experience or otherwise, may subject us to adverse regulatory actions, and have an impact on the listing price of our Equity Shares.

**30. *Our Subsidiaries and Group Company have common pursuits as they are engaged or authorized to engage in similar business or industry segments. Should we face any conflicts of interest with them in the future, our business, financial condition, results of operations and prospects may be adversely impacted.***

All our Subsidiaries are engaged in the same line of business as that of our Company. Further, our Group Company, Belliya Services Private Limited, is authorized to engage in a similar line of business as us, *inter alia* testing and inspection in the field of agriculture and environment in India and overseas. While we do not perceive any conflicts of interest with our Subsidiaries and Group Company, conflicts of interest may arise in the future in allocating business opportunities. We cannot assure you that there will not be any conflicts of interest between our Subsidiaries and Group Company and there can be no assurance that such entities will not compete with our existing business or any future business that we might undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business and financial performance.

**31. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations, cash flows and financial condition.**

We maintain insurance coverage under professional indemnity insurance that we believe are commensurate with our operations. The table below sets forth details the details of our insurance coverage as at the dates indicated:

*(₹ in Lakhs)*

Particulars	For the six months period ended as on September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total insurance coverage	6,500	6,500	4,500	3,800

There can be no assurance that our current insurance policies will insure us fully against all risks and losses that may arise in the future, or that we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable. Even if such losses are insured, we may be subject to certain deductibles, exclusions and limits on coverage and our insurance claims may not be successful. While such instances have not materialised as at and for the six months period ended September 30, 2024 and in Fiscals 2024, 2023 and 2022, the occurrence of a serious uninsured loss or a successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, results of operations, cash flows and financial condition. If we are unable to pass the effects of increased insurance costs on to our customers, the costs of higher insurance premiums could have a material adverse effect on our costs and profitability

**32. Our Promoter has extended personal guarantee in connection with debt facilities to one of our promoter group entities**

Our Promoter, Dr. Kaviraj Singh has provided a guarantee for securing borrowings of one of our promoter group entities namely, Kisaanputr Cold Storage Agritech Private Limited, details whereof are as follows:

*(in ₹ Lakhs)*

Name of Promoter Selling Shareholder	Date of sanction of loan	Guarantee issued in favor of	Borrower	Nature of facility	Guarantee Amount (₹ in Lakhs)	Tenure
Dr. Kaviraj Singh	September 30, 2021	Canara Bank Limited	Kisaanputr Cold Storage Agritech Private Limited	Term Loan	300.00	96 months
				Overdraft facility	40.00	12 months – Renewed annually

In the event any of default under any of the aforesaid facilities, there is a risk that the relevant lender for such facilities may require invoke our Promoter’s guarantee or require additional guarantees or collateral or may

enforce its rights against our Promoter. In addition, our Promoter may be required to liquidate his shareholding in our Company to settle the claims of the lender, thereby diluting their shareholding in our Company.

- 33. *We do not own the premises for our Registered Office which are held by us on a leasehold basis. In case of non-renewal of lease agreements or dispute in relation to use of the premises, our business and results of operations can be adversely affected.***

The premises upon which our registered office is located are not owned by us. We have leased the premises for our registered office from a third party which is valid until 2028. In the event of any termination or expiry of such lease agreements, we may be required to relocate our operations to other premises during which time our would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition. There can be no assurance that we will be able to retain and renew the lease on the same or similar terms, or find alternate locations on similar terms, or at all. For further information, see “Our Business – Material Properties” on page 205.

- 34. *We have certain contingent liabilities as per Ind AS 37 that have not been provided for in our financial statements, which if they materialize, may adversely affect our business, results of operations, cash flows and financial condition.***

As of September 30, 2024, our contingent liabilities as per the Restated Consolidated Financial Statements, were as follows:

<b>Particulars</b>	<b>Six months period ended September 30, 2024</b>
<b>Performance Bank Guarantee</b>	1.94

If a significant portion of these *liabilities* materialize, it could have an adverse effect on our business, financial condition and results of operations. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future. For details regarding our contingent liabilities, please see “*Note 37 – Contingent Liabilities, Contingent Assets and Commitments*” under the chapter “*Restated Consolidated Financial Statements*” on page 290, and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingent Liabilities and Commitments*” on page 319.

- 35. *We may not accurately assess the costs we will incur under new contracts.***

When we obtain new contracts, we assess the costs we will incur in providing services in order to realize adequate profit margins and otherwise meet our financial and strategic objectives. Increasing pressures in our industry at a time when the costs of providing services continue to increase make assessing the costs associated with the pricing of new contracts, as well as maintenance of existing contracts, more difficult. In addition, integrating new contracts, particularly those in new geographic locations, could prove more costly and could require more management time, than we anticipate. Our failure to accurately predict costs or to negotiate an adequate profit margin could have a material adverse effect on our business, financial condition and results of operations.

- 36. *If we are unable to generate new service engagements or unable to provide recurring services to our existing customers, the growth of our business and cash flows will be adversely affected. Any damage to the trust and confidence that our Company’s customers have in us, which is largely dependent on our reputation and service quality, may adversely affect our business, financial performance and results of operations***

Our business is dependent on our ability to generate engagements for providing services to our customers. Our inability to generate new service engagements on a timely basis and subsequently

to execute such engagements could adversely affect our business, financial condition, results of operations and cash flows. Our top five customers contributed to approximately 20.63% and 24.95% of our revenue from operations based on restated consolidated financial statements for the six months period ended September 30, 2024 and for the period ended March 31, 2024. If we are unable to generate sufficient sales, or if our existing or new customers do not perceive our services to be of sufficiently high value and quality, we may not be able to increase sales and our operating results would be adversely affected. In addition, we get orders based on their requirements. Our client base may decline or fluctuate due to a number of factors, including customers' satisfaction with our services, our prices and the prices of competing service providers. A lack of new business opportunities can stagnate growth and any disruption in recurring services could lead to client dissatisfaction, contract losses and reduced revenue. Over time, this would hinder our ability to invest in future growth, meet financial obligations and maintain a competitive edge in the market.

Our client trust is built on a reputation for high-quality service and reliable performance. If we experience any damage to our reputation whether due to service failures, compliance issues, or poor project outcomes our client confidence can be significantly undermined. Our regime of services entails us to continuously provide quality service to be able to retain customers. This not only fosters confidence and faith in our customers but also spreads our name for quality assured work. However, if we fail to adhere to quality or timelines to complete the assigned work, or if the project subsequently fails to meet the requisite performance standards, we will lose faith and trust of our customers. The loss of trust can lead to decreased client retention, reduced new business opportunities and potentially losing existing contracts. Our consultancy services are dependent on getting work from the customers on a regular basis. This erosion of client confidence can directly impact financial performance by reducing revenue streams and increasing client churn. Furthermore, diminished reputation can make it challenging to attract new customers or partners, affecting overall business growth and operational results. Thus, safeguarding service quality and reputation is essential for sustaining financial health and operational success in this competitive sector. This may be leveraged by our competitors who provide comparable or better services and respond successfully to such competitive pressures.

***37. Our Company's logo is not registered as on date of this Draft Red Herring Prospectus. However, application for registration of our trademark has been filed. We may be unable to adequately protect our intellectual property and/ or be subject to claims alleging breach of third-party intellectual property rights.***

As on date of this Draft Red Herring Prospectus, we have two applications pending under the Trademarks



Act, 1999 for obtaining trademark registrations of device: and word mark: Earthood under Class 42 of the Trade Mark Act, 1999 in the name of our Company with the Registrar of Trademarks and hence, we do not enjoy the statutory protections accorded to registered logo. The application for registration of the device mark has been marked as 'Accepted and Advertised' and the application for registration of the word mark has been marked as 'Formalities Chk Pass' by the relevant authority. For further details, please refer chapter "Government and Other Approvals" beginning on page 354 of this Draft Red Herring Prospectus. We cannot assure you that our application for registration of our logo will be granted by the relevant authorities in a timely manner or at all. Our logo is significant to our business and operations. The use of our logo or other brands by third parties could adversely affect our reputation which could, in turn, adversely affect our business and results of operations. In the event our application is rejected by trademark registry, our business, financial condition results of operation and cash flows would be adversely affected. Obtaining, protecting and defending intellectual property rights can be time consuming and expensive and may require us to incur substantial costs, including the diversion of the time and resources of management and technical personnel.

Further, while we endeavor to ensure that we comply with the intellectual property rights of others, there can be no assurance that we will not face any intellectual property infringement claims brought by third parties that may require us to introduce changes to our operations. Any claims of infringement, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims and may divert the efforts and attention of our management and personnel away from

our business. We could be required to pay third party infringement claims. In such cases, our financial conditions and business operations may be adversely impacted.

**38. *We require certain licenses and registrations for our business and failure to obtain, retain or renew such licenses and registrations in a timely manner or to comply with the requisite rules, regulations and conditions may adversely affect our operations.***

Our operations are subject to government and statutory regulations, and we are required to obtain and maintain certain registrations and approvals under central, state and local government rules in the geographies in which we operate, generally for carrying out our business. For details of approvals relating to our business and operations, please see “Government and Other Approvals” on page 354..

We did not have applicable shops and establishment registrations in respect of our registered office and our office at 601 to 602, 6th Floor, Tower B, Emaar Digital Greens, Sector-61, Golf Course Extension Road, Gurgaon - 122011, Haryana, India till October 2024. While no further actions have been taken in relation to such violation, we may, in the future, be subjected to regulatory actions for any violations including imposition of penalties and other penal actions against our Company and key personnel, which may have a negative impact on our business, reputation, results of operations and cash flows.

**39. *Our Subsidiary, Earthood Russia is potentially exposed to economic sanctions imposed by the US, EU and other jurisdictions.***

We have recently established our subsidiary in Russia for providing consulting services on commercial and management issues. Various international jurisdictions, including the United States, restrict investments or otherwise doing business in or with certain countries or territories and with certain persons or businesses that have been designated by such government agencies. Further, the European Union, the United Kingdom and Korea also administer and enforce their own economic sanctions that target certain countries and territories, governments, entities and individuals in varying respects. Like the United States, some of these jurisdictions have adopted new, additional / enhanced sanctions directed at Russia in light of the conflict with Ukraine.

While our revenues from operations in Russia are not material as on September 30, 2024, there can be no assurance that the operations of our Russian Subsidiary will not be subject to international sanctions administered by other governments and authorities. We cannot assure you that our Company’s business, reputation and results of operations would not be adversely affected by additional sanctions or countermeasures or if any government determine that our activities violate other applicable sanctions, particularly since the scope of such sanctions may be uncertain and such sanctions are subject to frequent and unpredictable changes.

**40. *Our sales and marketing efforts may not result in new business and our revenues may not justify expenses incurred towards sales efforts.***

When attempting to sell our services, we invest considerable time and effort into understanding the specific needs of potential customers and communicating the value we offer. We often provide our services at a discounted rate for a limited time to establish trust with potential clients. However, the sales cycle, from initial contact to signing agreements, can be unpredictable, varying significantly from one client to another.

Our business success depends on securing contracts with customers, but their decisions can be influenced by things unrelated to our services, such as their business growth projections, budget constraints, or preferences for other solutions, including offers from competitors. Despite our best efforts, there is no guarantee that our sales and marketing efforts will result in securing contracts with customers.

**41. *If we are unable to establish and maintain an effective system of internal controls and compliances, our businesses and reputation could be adversely affected.***



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

We take reasonable steps to maintain appropriate procedures for compliance and disclosure and to maintain effective internal controls over our financial reporting so that we produce reliable financial reports and prevent financial fraud. We may also be subjected to periodical audit and inspections by external regulatory and other agencies in the course of application of grants and the renewal of licences, permits and accreditations. As risks evolve and develop, internal controls must be reviewed on an ongoing basis. Maintaining such internal controls requires human diligence and compliance and is therefore subject to lapses in judgment and failures that result from human error. Any lapses in judgment or failures that result from human error can affect the accuracy of our financial reporting, resulting in a loss of investor confidence and a decline in the price of our equity shares.

Further, our operations are subject to anti-corruption laws and regulations. We participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under these laws or other local anti-corruption laws. If we are not in compliance with applicable anti-corruption laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of anti-corruption laws by the relevant authorities could also have an adverse impact on our business and reputation.

As we continue to grow, there can be no assurance that there will be no instances of non-compliance with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

***42. The projects undertaken have a long duration and recurring revenue and this puts us at a risk of delay in revenue recognition.***

Our projects generate recurring revenue, where payments are made over the course of the project. While this model provides a steady stream of income, it also means that any disruptions in project milestones or client approvals could cause delays in receiving and recognizing that revenue, affecting our cash flow. Many of our projects have long durations, often spanning several months or even years. Revenue from these projects is typically recognized as milestones are achieved or services are delivered over time. However, any delays in project timelines, whether due to client-side issues or operational challenges, can postpone the recognition of this revenue.

Revenue recognition delays can lead to significant challenges to us. If projects take longer than anticipated, or if unforeseen changes occur, the timing of when we can record revenue may be pushed back. This can affect our financial performance, leading to variability in reported earnings and complicating financial planning and forecasting.

***43. Failure to successfully implement our business strategy, effectively respond to changes in market dynamics and satisfactorily meet customer demand will cause our future financial results to suffer.***

We are making significant investments and other decisions in connection with our long-term business strategy including our ability to expand our product portfolio as well as enter into new segments. We also aim to expand our presence in new geographies domestically as well in international markets to reach a wider network of customers and locations, which would allow us to tap into emerging markets with a demand for our services.

Additionally, in developing our business strategy, we make certain assumptions including, but not limited to, those related to customer demand and preferences, competition landscape and the economy in India and globally; and actual market, economic and other conditions may be different from our assumptions. As technology, customer behavior and market conditions continue to evolve, it is important that we maintain the relevance of our brand and service offerings to our customers. If we are not able to successfully implement our business strategy and effectively respond to changes in market dynamics, our future financial results will suffer. We have also incurred and may continue to incur, increased operating expenses in connection with certain changes to our business strategy.

In addition, we make planning and spending decisions, personnel needs and other resource requirements based on our estimate of customer demand. Failure to meet customer demand in a timely fashion or at all will adversely affect our competitive position, financial condition and results of operations.

**44. *Certain of our Directors, Key Managerial Personnel and Senior Management are interested in our Company's performance in addition to their remuneration and reimbursement of expenses.***

In addition to regular remuneration or benefits and reimbursement of expenses, certain of our Directors KMPs and Senior Management of our company namely Dr. Kaviraj Singh, Ashok Kumar Gautam, Manish Negi, Avinash Kumar, Archit Srivastava, Deepika Mahala and Shifali Guleria are interested in our company to the extent of their shareholding in our Company, their rights to the extent of any dividends, ESOPs bonuses or other distributions on such Equity Shares. we cannot assure you that our Directors, Senior Management and Key Managerial Personnel, if they are also our shareholders will exercise their rights as a shareholder to the benefits and the best interest of our company. For further information on the interest of our Directors of our company, other than the reimbursement of expenses incurred or normal remuneration or benefits, See “*Our Management*” beginning on page 217.

**45. *Our Promoters will be able to exercise significant influence and control over us after the Offer and may have interests that are different from or conflict with those of our other shareholders.***

As on the date of the Draft Red Herring Prospectus, our Promoters held 94.55% of the share capital of our Company on fully diluted basis, for further information on their shareholding pre and post Offer, see “*Capital Structure*” on page 85. After the completion of the Offer, our Promoters will continue to collectively hold substantial shareholding in our Company and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders’ approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of our assets, any assignment or transfer of interest in any of our properties and the policies for dividends, lending, investments and capital expenditures. The interests of the Promoters as our controlling shareholder could conflict with our interests or the interests of our other shareholders.

For details in relation to the interests of our Promoters in our company, see “*Our Promoters and Promoter Group*”, “*Our Management*” and “*Restated Consolidated Financial Statements*” beginning on pages 233, 217 and 239 respectively.

**46. *Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned and paid by us for such a purpose.***

We have availed the services of an independent third-party research agency, CRISIL Limited, to prepare an industry report titled “*Assessment of ESG Advisory Services and Carbon Markets*” dated December 2024, that has been exclusively commissioned and paid for by us, for purposes of inclusion of such information in the Draft Red Herring Prospectus. A copy of the CRISIL Report is available on the website of our Company at <https://www.earthood.in/investor>, in compliance with applicable laws. The CRISIL Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Statements from third parties that involve estimates are subject to change and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

**47. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

The declaration and payment of dividends, if any is recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act. There can be no assurance that we shall pay any dividend in the future or dividend payout. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and working capital requirements and restrictive covenants of our financing arrangements, if any. The declaration of dividend, if any, will depend on a number of internal factors and external factors, which, *inter alia*, include, (i) profits earned during the year; (ii) capital expenditure requirements; (iii) financial requirements for business expansion, diversification, acquisitions of new businesses; (iv) liquidity position; (v) cost of borrowings and outstanding borrowings; (vi) state of the economy and capital markets; and (vii) statutory restrictions. There can be no assurance that we will be able to pay dividends in the future. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares.

**48. *The objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders' approval.***

We intend to use the Net Proceeds from the Fresh Issue towards augmenting our capital base to meet our future capital requirements, which are expected to arise out of growth of our business and assets. Pending utilization of the Net Proceeds, we intend to deposit such Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the RBI Act, as may be approved by our Board. The proposed deployment of Net Proceeds has not been appraised by any bank or financial institution or other independent agency and is based on internal management estimates based on current market conditions and historic level of expenditures. Any variation in the utilization of the Net Proceeds may be on account of a variety of factors such as our financial condition, business and strategy and external factors such as market conditions and competitive environment, which may not be within the control of our management, and may be subject to various other approvals, which includes, amongst others obtaining prior approval of the Shareholders of the Company. The Offer expenses are estimated to be approximately ₹ [●] Lakhs.

Various risks and uncertainties, including those set forth in this “Risk Factors” section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. Accordingly, the use of the Net Proceeds to fund our growth and for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

For further details, see “Objects of the Offer” beginning on page 99.

**49. *In this Draft Red Herring Prospectus, we have included certain Non-GAAP (“Generally Accepted Accounting Principles”) financial measures and certain other industry measures related to our operations and financial performance. These Non-GAAP measures and industry measures may vary from any standard methodology applicable across the industry and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies.***

Certain Non-GAAP financial measures such as EBITDA, EBITDA Margin, Net worth and Net Asset Value per equity share, etc. and certain other industry measures related to our operations and financial performance have been included in this Draft Red Herring Prospectus. We compute and disclose such Non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance, as we consider such information to be useful measures of our business and financial performance and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of industry. Such supplemental financial and operational information is therefore of limited utility as an analytical tool and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported

under applicable accounting standards disclosed in this Draft Red Herring Prospectus. For further details, see “*Other Financial Information*” on page 317.

These Non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other companies. Accordingly, investors should not place undue reliance on the Non-GAAP financial information included in the Draft Red Herring Prospectus. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*” on page 319

## **RISKS RELATING TO THE EQUITY SHARES AND THIS OFFER**

***50. Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the Offer Price may not be indicative of the market price of the Equity Shares after the Offer.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company in consultation with the Book Running Lead Managers. Furthermore, the Offer Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under “Basis for Offer Price” beginning on page 114 and may not be indicative of the market price for the Equity Shares after the Offer.

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts, the activities of competitors, future sales of the Equity Shares by our Company or our shareholders, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our Company’s performance. There can be no assurance that the investor will be able to resell their Equity Shares at or above the Offer Price.

***51. The average cost of acquisition of Equity Shares by our Promoter Selling Shareholders could also be lower than the Offer Price.***

The average cost of acquisition of Equity Shares by our Selling Shareholders may be lower than the Offer Price. The details of the average cost of acquisition of Equity Shares held by our Selling Shareholders as at the date of the Draft Red Herring Prospectus is set out below:

Particulars	Equity Shareholding	Average Cost of Acquisition per Equity Share (in ₹)
<b>Promoters</b>		
Dr. Kaviraj Singh <sup>(1)</sup>	1,84,95,637	0.98
Ashok Kumar Gautam <sup>(1)</sup>	40,54,500	0.02

<sup>(1)</sup> Also the Promoter Selling Shareholders

For details, see “Basis for Offer Price” and “Capital Structure” beginning on pages 114 and 85, respectively. The Offer Price is not indicative of the price at which our Company has issued the Equity Shares in the past or that will prevail in the open market following listing of the Equity Shares.

**52. Our Company has issued Equity Shares during the preceding one year at a price that may be below the Offer Price.**

In the preceding one year from the date of this Draft Red Herring Prospectus, our Company has issued Equity Shares at a price that may be lower than the Offer Price. For details of the issued Equity Shares in the preceding one year from the date of this Draft Red Herring Prospectus, see “Capital Structure – Notes to Capital Structure” on page 86. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded after listing.

**53. We will not receive any proceeds from the Offer for Sale portion**

This Offer comprises an Offer for Sale of up to 42,00,000 Equity Shares aggregating up to ₹[●] Lakhs. The proceeds from this Offer for Sale will be paid to the Promoter Selling Shareholders (after deducting applicable Offer related expenses and relevant taxes thereon) and our Company will not receive any such proceeds. For further details, see “Objects of the Offer” and “Capital Structure” beginning on pages 99 and 85, respectively.

**54. Qualified institutional buyers and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Offer Closing Date.**

Pursuant to the SEBI ICDR Regulations, qualified institutional buyers ("QIBs") and Non-Institutional Bidders are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/ Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of our Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment pursuant to the Offer, within three Working Days from the Bid/ Offer Closing Date or such other timeline as may be prescribed under applicable law, events affecting the Bidders' decision to invest in our Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows and financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of our Equity Shares even if such events occur, and such events may limit the Bidders' ability to sell our Equity Shares Allotted pursuant to the Offer or cause the trading price of our Equity Shares to decline on listing.

**55. Any future issuance of Equity Shares or securities linked to Equity Shares may dilute prospective investors' shareholding, and sale of our Equity Shares by our major shareholders may also adversely affect the trading price of our Equity Shares.**

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering or an issuance of Equity Shares to employees upon exercise of vested options held by them under the employee stock ownership plan scheme, may lead to the dilution of investors' shareholdings in us. There can be no assurance that we will not issue further Equity Shares or that the Shareholders will not dispose of our Equity Shares. Any future issuances could also dilute the value of your investment in our Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

Any sales (or pledge or encumbrance) of substantial amounts of our Equity Shares in the public market after the completion of the Offer by our major shareholders, including our promoters (subject to compliance with the lock-in provisions under the SEBI ICDR Regulations) or the perception that such sales could occur, could adversely affect the market price of our Equity Shares and materially impair our future ability to raise capital through offerings of our Equity Shares.

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

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

***57. We cannot assure you that prospective investors will be able to sell any of our Equity Shares they purchase in the Offer immediately on an Indian stock exchange.***

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorising the issuance of our Equity Shares. In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the Stock Exchanges within a prescribed time. Accordingly, we cannot assure you that trading in our Equity Shares will commence in a timely manner or at all and there could be a failure or delay in listing our Equity Shares on the Stock Exchanges, which would adversely affect your ability to sell our Equity Shares. There can be no assurance that our Equity Shares will be credited to investors' dematerialized accounts, or that trading in our Equity Shares will commence, within the prescribed time periods or at all. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or dematerialized credits are not made to investors within the prescribed time periods.

## **EXTERNAL RISKS**

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

Natural disasters (such as cyclones, typhoons, flooding, storms, tsunamis, tornadoes, fires, explosions, and/or earthquakes), epidemics, pandemics and man-made disasters, including actual or threatened acts of war, terrorist attacks, and other events, many of which are beyond our control, may lead to economic instability, including in India or globally which in turn could materially and adversely affect our business, financial condition and results of operations.

For instance, the conflict between Russia and Ukraine, the Gaza conflict or the ongoing tensions in the Red Sea, events such as impeachments or declarations of martial law (whether lifted or not) such as in South Korea, which are beyond our control, may lead to economic instability, including in India or across global financial markets. The short and long-term implications of such conflicts are difficult to predict at this point

of time. To the extent any geopolitical tension may adversely affect our business, it may also have the effect of heightening many of the other risks described herein. Such risks include, but are not limited to, adverse effects on macroeconomic conditions, including inflation; disruptions to our global technology infrastructure, including through cyberattack, ransom attack, or cyber intrusion; adverse changes in international trade policies and relations; disruptions in global supply chains; significant volatility in commodity prices and supply of energy resources; political and social instability; changes in consumer or purchaser preferences and constraints; volatility, or disruption in the capital markets, any of which could negatively affect our business and financial condition. Any terrorist attacks or civil unrest as well as other adverse social, economic, and political events in India could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares.

***59. Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on our business and results of operations.***

India's sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, all which are outside the control of our Company. Our borrowing costs and our access to the debt capital markets depend significantly on the sovereign credit ratings of India.

Any adverse revisions to India's credit ratings by international rating agencies may adversely affect our ratings, terms on which we are able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on our business, financial conditions, results of operations and prospects.

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

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months is subject to long term capital gains tax in India. Such long-term capital gains exceeding 1,25,000 arising from the sale of listed equity shares on a stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). A securities transaction tax ("STT") will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to short-term capital gains tax at a higher rate compared to the transaction where STT has been paid in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. As a result, subject to any relief available under an applicable tax treaty or under the laws of their own jurisdictions, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 and clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. The Finance Act, 2020, has, inter alia, amended the tax regime, including a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, that such dividends not be exempt in the hands of the shareholders, and that such dividends are likely to be subject

to tax deduction at source. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

The Government of India has recently announced the Union Budget for Financial Year 2025 (“**Budget**”). Pursuant to the Budget, the Finance Bill, 2024, *inter alia*, proposes to amend the capital gains tax rates and amounts mentioned above, with effect from the date of announcement of the Budget. However, since the Finance Bill, 2024 have not yet been enacted into law, the Bidders are advised to consult their own tax advisors to understand their tax liability as per the laws prevailing on the date of disposal of Equity Shares.

**61. *Subsequent to listing of the Equity Shares, we may be subject to pre-emptive surveillance measures like Additional Surveillance Measure and Graded Surveillance Measures by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.***

SEBI and the Stock Exchanges, in the past, have introduced various pre-emptive surveillance measures with respect to the shares of listed companies in India (the “**Listed Securities**”) in order to enhance market integrity, safeguard the interests of investors and potential market abuses. In addition to various surveillance measures already implemented, and in order to further safeguard the interest of investors, the SEBI and the Stock Exchanges have introduced additional surveillance measures (“**ASM**”) and graded surveillance measures (“**GSM**”).

ASM is conducted by the Stock Exchanges on Listed Securities with surveillance concerns based on certain objective parameters such as price-to-earnings ratio, percentage of delivery, client concentration, variation in volume of shares and volatility of shares, among other things. GSM is conducted by the Stock Exchanges on Listed Securities where their price quoted on the Stock Exchanges is not commensurate with, among other things, the financial performance and financial condition measures such as earnings, book value, fixed assets, net-worth, other measures such as price-to-earnings multiple and market capitalization.

Upon listing, the trading of our Equity Shares would be subject to differing market conditions as well as other factors which may result in high volatility in price, and low trading volumes as a percentage of combined trading volume of our Equity Shares. The occurrence of any of the abovementioned factors or other circumstances may trigger any of the parameters prescribed by SEBI and the Stock Exchanges for placing our securities under the GSM and/or ASM framework or any other surveillance measures, which could result in significant restrictions on trading of our Equity Shares being imposed by SEBI and the Stock Exchanges. These restrictions may include requiring higher margin requirements, limiting trading frequency or freezing of price on upper side of trading, as well as mentioning of our Equity Shares on the surveillance dashboards of the Stock Exchanges. The imposition of these restrictions and curbs on trading may have an adverse effect on market price, trading and liquidity of our Equity Shares and on the reputation and conditions of our Company. Any such instance may result in a loss of our reputation and diversion of our management’s attention and may also decrease the market price of our Equity Shares which could cause you to lose some or all of your investment.

**62. *Significant differences exist between Indian accounting standard and other accounting principles, such as international financial reporting standards and United States generally accepted accounting principles, which investors may be more familiar with and may consider material to their assessment of our financial condition***

Our historical financial statements are prepared and presented in conformity with Indian accounting standard (“**Ind AS**”) and our Restated Consolidated Financial Statements are prepared and presented in conformity with the requirement of Section 26 of the Companies Act, 2013, SEBI ICDR Regulations and the guidance Note on reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Ind AS differs in certain significant respects from international financial reporting standards (“**IFRS**”), United States generally accepted accounting principles (“**U.S GAAP**”) and other accounting principles that prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of



operations, cash flows and financial position may be substantially different. Accordingly, the degree to which the Restated Consolidated Financial Statements, which are restated as per the Companies Act, 2013, SEBI ICDR Regulations and the Guidance Note on Reports in Company's Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

***63. Third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.***

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

***64. We cannot assure you that prospective investors will be able to sell any of our Equity Shares they purchase in the Offer immediately on an Indian stock exchange.***

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the Stock Exchanges within a prescribed time. Accordingly, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all and there could be a failure or delay in listing our Equity Shares on the Stock Exchanges, which would adversely affect your ability to sell our Equity Shares. There can be no assurance that our Equity Shares will be credited to investors' dematerialized accounts, or that trading in our Equity Shares will commence, within the prescribed time periods or at all. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or dematerialized credits are not made to investors within the prescribed time periods.

***65. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, 2013, a company having share capital and incorporated in India must offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of our Equity Shares who have voted on such resolution. However, if the laws of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive

rights granted in respect of our Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

***66. The ability of investors to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in this Draft Red Herring Prospectus.***

No actions have been taken to permit a public offering of our Equity Shares in any jurisdiction, other than India. As such, our Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, our Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions. Please see "Other Regulatory and Statutory Disclosures — Disclaimer in Respect of Jurisdiction" on page 360. We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of our Equity Shares made other than in compliance with the restrictions set forth herein.

## SECTION III - INTRODUCTION

### THE OFFER

The following table summarizes the Offer details:

<b>Offer of Equity Shares</b> <sup>(1)(2)(7)</sup>	Up to 78,00,000 Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
<i>of which:</i>	
(i) Fresh Issue <sup>(1)(7)</sup>	Up to 36,00,000 Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
(ii) Offer for Sale <sup>(2)</sup>	Up to 42,00,000 Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
<i>Including</i>	
Employee Reservation Portion <sup>(8)</sup>	Up to [●] Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
Net Offer	Up to [●] Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
<b>The Net Offer consists of:</b>	
<b>A) QIB Portion</b> <sup>(5)(6)</sup>	Not less than [●] Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
<i>of which:</i>	
i) Anchor Investor Portion <sup>(4)(6)</sup>	Up to [●] Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs
<i>of which:</i>	
a) Available for allocation to Mutual Funds only (5% of the QIB Portion) <sup>(5)</sup>	[●] Equity Shares of face value ₹10 each
b) Balance of Net QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares of face value ₹10 each
<b>B) Non-Institutional Portion</b> <sup>(4)(8)</sup>	Not more than [●] Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs
<i>of which:</i>	
a) One-third of the Non-Institutional Portion available for allocation to Non-Institutional Bidders with an application size of more than ₹ 2.00 Lakhs and up to ₹ 10.00 Lakhs	[●] Equity Shares of face value ₹10 each
b) Two-third of the Non-Institutional Category available for allocation to Non-Institutional Bidders with an application size of more than ₹ 10.00 Lakhs	[●] Equity Shares of face value ₹10 each
<b>C) Retail Portion</b> <sup>(4)(5)</sup>	Not more than [●] Equity Shares of face value ₹10 each aggregating up to ₹ [●] Lakhs
<b>Pre-Offer and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	2,38,49,998 Equity Shares of face value ₹10 each
Equity Shares outstanding after the Offer	[●] Equity Shares of face value ₹10 each

<b>Utilisation of Net Proceeds</b>	See “ <i>Objects of the Offer</i> ” on page 99 of this Draft Red Herring Prospectus for details regarding the use of Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale
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- (1) *The Offer including the Fresh Issue has been authorized by our Board pursuant to a resolution passed at its meeting held on December 2, 2024 and by our Shareholders pursuant to a special resolution adopted at their meeting held on December 2, 2024. Further, our Board had taken on record the consent of the Promoter Selling Shareholders pursuant to its resolution December 17, 2024.*
- (2) *Each Promoter Selling Shareholder has confirmed and authorized its participation in the Offer for Sale in relation to its portion of the Offered Shares. Each Promoter Selling Shareholder, severally and not jointly, confirms that that their respective portion of the Offered Shares has been held by it for a period of at least one year immediately preceding the date of filing this Draft Red Herring Prospectus with SEBI in accordance with Regulation 8 and Regulation 8A of the SEBI ICDR Regulations and are accordingly eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. The Promoter Selling Shareholders have confirmed and approved their participation in the Offer for Sale as set out below:*

<b>Name of the Promoter Selling Shareholder</b>	<b>Aggregate Number of Offered Shares</b>	<b>Amount of Offered Shares (in ₹ Lakhs)*</b>	<b>Date of Consent Letter</b>
<i>Dr. Kaviraj Singh</i>	<i>Up to 27,30,000 Equity Shares</i>	<i>[●]</i>	<i>December 17, 2024</i>
<i>Ashok Kumar Gautam</i>	<i>Up to 14,70,000 Equity Shares</i>	<i>[●]</i>	<i>December 17, 2024</i>

*\* To be updated at Prospectus stage*

- (3) *Our Company may, in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” beginning on page 381.*
- (4) *If at least 75% of the Offer cannot be Allotted to QIBs, the entire application money will be refunded forthwith. In the event aggregate demand in the QIB Portion has been met, subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange, in accordance with applicable laws. Under-subscription, if any, in the Net QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In case of under-subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the sale of Offered Shares being offered by the Selling Shareholders in the Offer for Sale; and (ii) through the issuance of balance part of the Fresh Issue. In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in “Terms of the Offer” beginning on page 369.*
- (5) *Further, (a) one-third of the portion available to NIBs shall be reserved for applicants with application size of more than ₹ 2,00,000 and up to ₹ 10,00,000; and (b) two-thirds of the portion available to NIBs shall be reserved for applicants with application size of more than ₹ 10,00,000. Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of NIBs. The allocation to each NIB shall not be less than the applicable minimum application size, subject to availability of Equity Shares in the Non-Institutional Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis in*

accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations.

- (6) Allocation to Bidders in all categories, except Anchor Investors, if any, Non-Institutional Bidders and Retail Individual Bidders, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Non-Institutional Bidder and Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Non Institutional Portion and the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For details, see “Offer Procedure” beginning on page 381.
- (7) Our Company, in consultation with the BRLM, may consider Pre-IPO Placement for cash consideration aggregating up to ₹ 1000 Lakhs, prior to filing of the Red Herring Prospectus with the ROC. The Pre-IPO Placement, if undertaken, will be at a price to be determined by our Company, in consultation with the BRLM. Prior to the completion of the offer if the Pre-IPO Placement is undertaken, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our company may proceed with the Offer, or the Offer may be successful and will result in listing of the equity shares on the stock exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken), shall be appropriately made in the relevant sections of the RHP and the Prospectus. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue.
- (8) The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 5,00,000 (net of Employee Discount). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 2,00,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 5,00,000 (net of Employee Discount). An Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Non-Institutional Portion or the Retail Portion and such Bids will not be treated as multiple Bids. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion. Further, our Company, in consultation with the Book Running Lead Manager, may offer an Employee discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees, which shall be announced at least two Working Days prior to the Bid /Offer Opening Date. For details, see “Offer Structure” beginning on page 376.

For details, including in relation to grounds for rejection of Bids, please see “Offer Structure” and “Offer Procedure” beginning on pages 376 and 381, respectively. For details of the terms of the Offer, please see “Terms of the Offer” beginning on page 369.

## **SUMMARY OF FINANCIAL INFORMATION**

*The following tables set forth summary financial information derived from the Restated Consolidated Financial Statements. The Restated Consolidated Financial Statement has been prepared, based on financial statements as at and for the six months period ended September 30, 2024 and for Fiscal 2024, Fiscal 2023 and Fiscal 2022. The Restated Consolidated Financial Statement have been prepared in accordance with Ind AS and the Companies Act, restated in accordance with the SEBI ICDR Regulations and are presented in the section entitled “Financial Information” beginning on page 239.*

*The summary financial information presented below should be read in conjunction with the chapters titled “Restated Consolidated Financial Statement” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 239 and 319 respectively.*

*[The remainder of this page has intentionally been left blank]*

**EARTHOOD SERVICES LIMITED**  
(Formerly known as Earthood Services Private Limited)

**Restated Consolidated Statement of Assets & Liability**

₹ in Lakhs

Particular	Note No.	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Assets</b>					
<b>1 Non-Current Assets</b>					
a. Property, Plant and Equipment	5	43.17	27.08	32.79	163.53
b. Investment Property	6	105.24	107.87	113.39	-
c. Goodwill	7	-	-	22.82	-
d. Other Intangible Assets	8	-	-	1.49	4.05
e. Right of Use Assets	9	347.34	257.36	290.71	-
<b>f. Financial Assets</b>					
i. Investments	10 A	0.73	29.94	-	-
ii. Loans	11 A	0.72	1.18	2.41	2.79
iii. Other Financial Assets	12 A	21.67	13.86	10.86	2.81
g. Deferred Tax Asset (net)	13	-	69.73	90.05	10.30
		<b>518.87</b>	<b>507.02</b>	<b>564.52</b>	<b>183.48</b>
<b>2 Current Assets</b>					
<b>a. Financial Assets</b>					
i. Investments	10 B	2,575.38	1,518.64	308.23	151.26
ii. Trade Receivables	14	1,003.17	1,097.59	678.42	175.95
iii. Cash and Cash Equivalents	15	400.38	708.98	579.13	240.32
iv. Bank Balances other than (iii) above	16	207.10	5.28	0.38	-
v. Loans	11 B	12.77	1.23	1.31	3.62
vi. Other Financial Assets	12 B	34.98	23.61	14.34	12.04
c. Income Tax Assets (Net)	17	13.77	6.74	-	14.70
d. Other Current Assets	18	110.83	48.85	55.24	24.58
		<b>4,358.38</b>	<b>3,410.92</b>	<b>1,637.05</b>	<b>622.47</b>
<b>Total</b>		<b>4,877.25</b>	<b>3,917.94</b>	<b>2,201.57</b>	<b>805.95</b>
<b>Equity and Liabilities</b>					
<b>1 Equity</b>					
a. Equity Share Capital	19	2,385.00	954.00	3.00	3.00
b. Other Equity	20	1,568.50	2,199.27	1,259.02	389.22
<b>Total Equity</b>		<b>3,953.50</b>	<b>3,153.27</b>	<b>1,262.02</b>	<b>392.22</b>
<b>2 Liabilities</b>					
<b>Non-Current Liabilities</b>					
<b>a. Financial Liabilities</b>					
i. Borrowings	21 A	-	-	51.56	99.78
ii. Lease Liabilities	22	335.46	255.49	272.96	-
b. Provisions	23 A	80.44	80.44	68.21	42.90
c. Deferred Tax Liability (net)	13	21.15	-	-	-
		<b>437.05</b>	<b>335.93</b>	<b>392.73</b>	<b>142.68</b>
<b>Current Liabilities</b>					
<b>a. Financial Liabilities</b>					
i. Borrowings	21 B	9.01	-	2.00	2.00
ii. Lease Liabilities	22	36.36	17.48	15.95	-
iii. Trade Payables	24	-	-	-	-
(A) Total outstanding dues of micro enterprise and small enterprises		-	-	-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		54.81	53.40	82.61	148.77
iv. Other Financial Liabilities	25	-	-	10.67	-
b. Other Current Liabilities	26	212.63	272.42	312.21	118.79
c. Provisions	23 B	26.93	2.74	2.44	1.48
d. Current Tax Liability (Net)	27	146.96	82.70	120.93	-
		<b>486.70</b>	<b>428.74</b>	<b>546.81</b>	<b>271.04</b>
<b>Total</b>		<b>4,877.25</b>	<b>3,917.94</b>	<b>2,201.56</b>	<b>805.95</b>

Material Accounting Policies and Notes to accounts to Restated Consolidated Financial Information 1 to 62

As per our report of even date

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number : 000129N

For Earthood Services Limited

(Pawan Kumar)  
Partner  
Membership Number: 511057

Kaviraj Singh  
DIN-03348070  
Executive Director

Ashok Kumar Gautam  
DIN-06715620  
Executive Director

Place of signing: Gurugram  
Date: 17-12-2024

Manish Singh Negi  
(Chief Financial Officer)

Vishaka Jalan  
(Company Secretary and Compliance Officer)  
F11984

Place of signing: Gurugram  
Date: 17-12-2024

**Restated Consolidated Statement of Profit and Loss**

₹ in Lakhs

	Particulars	Note	Period Ended 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
	<b>Income</b>					
I	Revenue from Operations	28	2,189.13	4,679.34	3,239.29	1,011.17
II	Other Income	29	8.35	38.37	15.38	1.50
III	<b>Total income</b>		<b>2,197.48</b>	<b>4,717.71</b>	<b>3,254.67</b>	<b>1,012.67</b>
	<b>Expenses</b>					
IV	Employee Benefit Expense	30	629.54	1,048.66	873.32	373.99
	Finance Costs	31	16.99	55.47	9.24	12.34
	Depreciation and Amortisation Expense	32	39.15	57.32	37.49	36.35
	Other Expenses	33	703.42	939.62	986.94	437.11
	<b>Total expenses (IV)</b>		<b>1,389.10</b>	<b>2,101.07</b>	<b>1,906.99</b>	<b>859.79</b>
V	<b>Restated Profit Before Tax (III-IV)</b>		<b>808.38</b>	<b>2,616.64</b>	<b>1,347.68</b>	<b>152.88</b>
VI	<b>Income Tax Expense</b>	34				
	Current Tax Expense		215.82	683.91	337.21	27.95
	Deferred Tax		56.88	(1.39)	(81.60)	(3.27)
	Adjustment of Tax for prior years		(7.00)	0.52	18.49	-
	<b>Total Income Tax Expense</b>		<b>265.70</b>	<b>683.04</b>	<b>274.10</b>	<b>24.68</b>
VII	<b>Restated Profit for the year (V-VI)</b>		<b>542.68</b>	<b>1,933.60</b>	<b>1,073.58</b>	<b>128.20</b>
VIII	<b>Other Comprehensive Income/ Expenses</b>	35				
A.	Items that will not be reclassified to profit or loss		293.57	102.54	9.27	13.68
	Income Tax on above		(31.85)	(21.55)	1.76	0.63
B.	Items to be reclassified to Profit & Loss		8.58	(0.27)	(12.94)	(0.42)
	Income Tax on above		(2.16)	0.07	3.26	0.11
	<b>Restated Other Comprehensive Income for the year, net of tax</b>		<b>268.15</b>	<b>80.79</b>	<b>1.35</b>	<b>14.00</b>
IX	<b>Restated Total Comprehensive Income for the year (VII+VIII)</b>		<b>810.82</b>	<b>2,014.39</b>	<b>1,074.93</b>	<b>142.20</b>
X	<b>Profit/(Loss) attributable to</b>					
	Equity Shareholders of Holding Company		546.62	1,925.24	1,070.73	128.20
	Non Controlling Interest		(3.94)	8.36	2.85	-
			<b>542.68</b>	<b>1,933.60</b>	<b>1,073.58</b>	<b>128.20</b>
	<b>Other Comprehensive Income attributable to</b>					
	Equity Shareholders of Holding Company		268.15	80.79	1.35	14.00
	Non Controlling Interest		-	-	-	-
			<b>268.15</b>	<b>80.69</b>	<b>1.35</b>	<b>14.00</b>
	<b>Restated Total Comprehensive Income attributable to</b>					
	Equity Shareholders of Holding Company		814.76	2,005.93	1,072.08	142.20
	Non Controlling Interest		(3.94)	8.36	2.85	-
			<b>810.82</b>	<b>2,014.29</b>	<b>1,074.93</b>	<b>142.20</b>
XI	<b>Earning per equity share</b>	36				
	Equity shares of face value ₹ 10/- each					
	--- Basic (₹)		2.28	8.11	4.50	0.54
	--- Diluted (₹)		2.25	8.11	4.50	0.54

Material Accounting Policies and Notes to accounts to Restated Consolidated Financial Information

1 to 62

As per our report of even date

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number : 000129N

For Earthood Services Limited

(Pawan Kumar)  
Partner  
Membership Number: 511057

Kaviraj Singh  
DIN-03348070  
Executive Director

Ashok Kumar Gautam  
DIN-06715620  
Executive Director

Place of signing: Gurugram  
Date: 17-12-2024

Manish Singh Negi  
(Chief Financial Officer)

Vishaka Jalan  
(Company Secretary and Compliance Officer)

F11984

Place of signing: Gurugram  
Date: 17-12-2024



**EARTHOOD SERVICES LIMITED**  
(Formerly known as Earthood Services Private Limited)

**Restated Consolidated Statement of Cash Flows**

Particulars	Period ended	Year ended	Year ended	Year ended
	30th September 2024	31st March 2024	31st March 2023	31st March 2022
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and Extraordinary items	808.38	2,616.64	1,347.68	152.88
<b>Adjustments for :</b>				
Depreciation and Amortisation Expense	10.02	18.45	31.67	31.50
Depreciation on Investment Properties	2.63	5.52	0.48	-
Foreign Currency Transition Reserve (FCTR)	6.42	(0.20)	(9.68)	(0.31)
Depreciation on Right of Use Assets	26.50	33.35	2.78	-
Amortization of Other Intangible Assets	-	-	2.56	4.85
Non Controlling Interest	3.94	-	-	-
Assets Written off	-	1.56	3.28	-
Share Based Payments	4.36	-	-	-
Profit on Sale of Investments	-	(11.70)	(2.02)	-
Loss/ (Gain) on foreign currency transaction (net)	17.86	72.22	32.67	10.10
Finance cost	16.94	27.96	9.24	12.34
Interest income	(1.28)	(2.90)	(0.43)	(0.26)
Dividend Received	(0.60)	(1.22)	-	-
Provision for Bad Debts and Expected Credit Loss (ECL)	55.16	11.54	2.84	9.39
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>950.33</b>	<b>2,771.22</b>	<b>1,421.07</b>	<b>220.49</b>
<b>Working capital adjustments :</b>				
(Increase)/ decrease in Trade Receivables	20.98	(499.00)	(537.81)	(85.92)
Decrease/ (increase) in Advances and Other Assets	(91.96)	(3.47)	(37.94)	2.91
Increase/(decrease) in Provisions	24.19	26.12	26.27	1.41
Increase/(decrease) in Trade Payable	0.08	(33.13)	(66.35)	(66.44)
Increase/(decrease) in Current Liability and Other Payables	(59.79)	(36.75)	190.26	80.25
<b>Cash Generated from operations</b>	<b>843.83</b>	<b>2,225.58</b>	<b>995.49</b>	<b>152.70</b>
Direct Taxes paid / Refund	(151.60)	(729.40)	(220.07)	(18.99)
<b>Net Cash from operating activities</b>	<b>692.24</b>	<b>1,496.18</b>	<b>775.42</b>	<b>133.71</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant & Equipments	(26.11)	(12.80)	(18.08)	(18.97)
Increase in ROU Assets	(116.48)	-	(293.49)	-
Investment in Equity Share Capital of Other Company	-	(29.94)	-	-
Investment in Listed Companies (net)	(24.95)	(325.66)	-	-
Investment in Mutual Funds	(709.01)	(784.70)	(154.94)	102.18
Dividend Received	0.60	1.22	-	-
Proceeds/ Creation of Fixed Deposits with Banks (Net)	(201.82)	(4.90)	4.37	4.23
Interest Income	1.01	1.80	0.05	0.26
<b>Net Cash from Investing Activities</b>	<b>(1,076.76)</b>	<b>(1,154.98)</b>	<b>(462.09)</b>	<b>87.70</b>
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
Changes in Lease Liabilities	98.85	(15.94)	288.91	-
Repayment of Borrowings (Net)	9.01	(64.23)	(37.55)	5.83
Dividend Paid	-	(87.09)	(216.65)	-
Fee paid for Increase of Share Capital	(15.00)	(16.13)	-	-
Interest / Finance Charges	(16.94)	(27.96)	(9.24)	(12.34)
<b>Net Cash from Financing Activities</b>	<b>75.92</b>	<b>(211.35)</b>	<b>25.47</b>	<b>(6.51)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(308.60)</b>	<b>129.85</b>	<b>338.81</b>	<b>214.90</b>
<b>Cash &amp; Cash Equivalents as at 1st April (Opening Balance)</b>	<b>708.98</b>	<b>579.13</b>	<b>240.32</b>	<b>25.42</b>
<b>Cash &amp; Cash Equivalents as at 31st March (Closing Balance)</b>	<b>400.38</b>	<b>708.98</b>	<b>579.13</b>	<b>240.32</b>
<b>CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>				
<b>Particulars</b>		<b>Borrowings</b>		
<b>Restated Opening Balance as at 31st March 2022</b>		<b>101.78</b>		
Changes in Financial Liabilities (Net of borrowings and repayments)		(37.55)		
Changes in Lease Liabilities (Net of Addition and Payment of Interest)		288.91		
<b>As at 31st March 2023</b>		<b>353.14</b>		
Changes in Financial Liabilities (Net of borrowings and repayments)		(64.23)		
Changes in Lease Liabilities (Net of Addition and Payment of Interest)		(15.94)		
<b>As at 31st March 2024</b>		<b>272.97</b>		
Changes in Financial Liabilities (Net of borrowings and repayments)		9.01		
Changes in Lease Liabilities (Net of Addition and Payment of Interest)		98.85		
<b>As at 30th September 2024</b>		<b>380.84</b>		
<b>Cash &amp; Cash Equivalents for the purpose of Cash Flows</b>				
	<b>30th September 2024</b>	<b>31st March 2024</b>	<b>31st March 2023</b>	<b>31st March 2022</b>
Cash and Cash Equivalents (Refer Note no. 15)	400.38	708.98	579.13	240.32
Less: Bank Overdraft	-	-	-	-
<b>Total</b>	<b>400.38</b>	<b>708.98</b>	<b>579.13</b>	<b>240.32</b>

Note :

- The Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7-"Statement of Cash Flows".
- Amounts in brackets, represent Cash Outflow.

Material Accounting Policies and Notes to accounts to Restated Consolidated Financial Information

1 to 62

As per our report of even date

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number : 000129N

For Earthood Services Limited

(Pawan Kumar)  
Partner  
Membership Number: 511057

Kaviraj Singh  
DIN-03348070  
Executive Director

Ashok Kumar Gautam  
DIN-06715620  
Executive Director

Place of signing: Gurugram  
Date: 17-12-2024

Manish Singh Negi  
(Chief Financial Officer)

Vishaka Jalan  
(Company Secretary and Compliance Officer)  
F11984

Place of signing: Gurugram  
Date: 17-12-2024

## GENERAL INFORMATION

### Registered Office

#### Earthood Services Limited

12003 to 12005, 12th Floor,  
Tower B, Emaar Digital Greens,  
Sector-61, Golf Course Extension Road,  
Gurgaon - 122011, Haryana, India

For details of changes in the name and registered offices of our Company, please refer to the section titled “*History and Certain Corporate Matters*” on page 210 of this Draft Red Herring Prospectus.

### Corporate Identity Number and Registration Number

**Corporate Identity Number:** U93000HR2012PLC047116

**Registration Number:** 047116

### Registrar of the Companies

Our Company is registered with the Registrar of Companies situated at the below address:

#### Registrar of Companies

4th Floor, IFCI Tower,  
61, Nehru Place,  
New Delhi – 110019, India

### Board of Directors of our Company

Details regarding our Board as on the date of this Draft Red Herring Prospectus are set forth below:

Name	Designation	DIN	Address
Dr. Kaviraj Singh	Executive Director and Chief Executive Officer	03348070	Flat no – 23, First Floor, M2K White House, Sector 57, Gurgaon - 122001, Haryana, India
Ashok Kumar Gautam	Chairperson and Executive Director	06715620	105 First floor, Royal Palm Apartments Plot No. GH – 06, Sector 56, Gurgaon, Haryana, India
Nishant Idnani	Non-Executive Director	09133845	Flat No 502, 5 <sup>th</sup> floor Anchorage CHS, St Alexious Roa, Mumbai - 400050, Maharashtra, India
Anshuman Mishra	Independent Director	06540906	Flat No. 402, Tower 35, Lotus Espacia, Sector 100, Noida, India
Amar Wadhwa	Independent Director	02834683	D-901, 9th Floor, Central Park-1, Golf Course Road, Sector-42, Sikanderpur Ghosi (68), PO-DLF QE, Gurgaon-122002, Haryana, India
Sunita Thawani	Independent Director	10674161	2003, Tower 30, Lotus Panache, Near Yatharth Hospital, Sector-110, Gautam Buddha Nagar, Noida- 201301, India

For brief profiles and further details of our Directors, see “*Our Management-Brief profile of our Directors*” on page 219.

## **Company Secretary and Compliance Officer**

Vishaka Jalan is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

### **Vishaka Jalan**

12003 to 12005, 12th Floor,  
Tower B, Emaar Digital Greens,  
Sector-61, Golf Course Extension Road,  
Gurgaon - 122011, Haryana, India  
Email ID: [compliance@earthood.in](mailto:compliance@earthood.in)  
Telephone: +91-12-44204599

## **Investor Grievances**

Investors may contact our Company Secretary and Compliance Officer, BRLM or the Registrar to the Offer in case of any pre-Offer or post-Offer related queries, grievances and for redressal of complaints including such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the Bid cum Application Form was submitted. giving full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of them relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgment number received from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. All Offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

## **Statement of *inter se* allocation of Responsibilities for the Offer**

Unistone Capital Private Limited is the sole Book Running Lead Manager to this Offer and all the responsibilities relating to the co-ordination and other activities in relation to the Offer shall be performed by them and hence, a statement of inter-se allocation of responsibilities is not applicable.

## **Book Running Lead Manager**

### **Unistone Capital Private Limited**

A/ 305, Dynasty Business Park, Andheri-Kurla Road,  
Andheri East, Mumbai – 400 059, Maharashtra

**Telephone:** +91 22 46046494

**Email:** [mb@unistonecapital.com](mailto:mb@unistonecapital.com)

**Investor grievance email:** [compliance@unistonecapital.com](mailto:compliance@unistonecapital.com)

**Contact Person:** Brijesh Parekh

**Website:** [www.unistonecapital.com](http://www.unistonecapital.com)

**SEBI Registration number:** INM000012449

**CIN:** U65999MH2019PTC330850

## Legal Counsel to the Issuer as to Indian law

### Alliance Law

Address: 801, 8<sup>th</sup> Floor, Raheja Centre,  
Free Press Journal Marg, Nariman Point,  
Mumbai – 400 021.

**Telephone:** +91 9987011250

**E-mail:** [ipo@alliancelaw.in](mailto:ipo@alliancelaw.in)

### Statutory Auditors of our Company

#### M/s. Jagdish Chand & Co.

H 20, LGF Green Park (Main), New Delhi – 110016, Delhi

**Telephone:** 011-26533626

**E-mail:** [mail@jcandco.org](mailto:mail@jcandco.org)

**Contact Person:** Mr. Pawan Kumar

**Firm Registration No.:** 000129N

**Peer Review Certificate Number:** 016197

### Changes in Statutory Auditors

Except as stated below, there have been no changes in our statutory auditors during the last three years preceding the date of this Draft Red Herring Prospectus.

Particulars	Date of Change	Reason of Change
<b>M/s. Jagdish Chand &amp; Co</b> H 20, LGF Green Park Main, New Delhi – 110016, Delhi <b>Telephone:</b> +91 11 41759467 <b>E-mail:</b> <a href="mailto:mail@jcandco.org">mail@jcandco.org</a> <b>Firm Registration No.:</b> 000129N <b>Peer Review Number:</b> 016197	September 30, 2024	Appointment as Statutory Auditors for a period of 5 (five) years
	April 23, 2024	Appointment due to casual vacancy
<b>M/s. Tinu Sood &amp; Co</b> JB-6B, Hari Enclave, Hari Nagar, New Delhi – 110064, Delhi <b>Telephone:</b> +91 9899250426 <b>E-mail:</b> <a href="mailto:tinusood.office2021@gmail.com">tinusood.office2021@gmail.com</a> <b>Firm Registration No.:</b> 022090N	March 17, 2024	Resignation due to pre-occupation

### Registrar to the Offer

#### Link Intime India Private Limited

C-101, 247 Park, L B S Marg,  
Vikhroli West, Mumbai - 400083  
Maharashtra, India

**Telephone:** +91 810 811 4949

**Email:** [earthhood.ipo@linkintime.co.in](mailto:earthhood.ipo@linkintime.co.in)

**Investor Grievance ID:** [earthhood.ipo@linkintime.co.in](mailto:earthhood.ipo@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact Person:** Shanti Gopalkrishnan

**SEBI Registration No.:** INR000004058

### Bankers to the Offer:

**Escrow Collection Bank**

[•]

**Public Offer Bank**

[•]

**Refund Bank**

[•]

**Sponsor Bank(s)**

[•]

**Banker to our Company****Kotak Mahindra Bank Limited**

Ground Floor, G-1 &amp; G-2, ATM-1,

Vipul Plaza, Sun City,

Sector – 54, Gurgaon - 122002

**Telephone:** +91 7704997759**E-mail:** kundana.sengar@kotak.com**Website:** www.kotak.com**Contact Person:** Kundan Sengar**CIN:** L65110MH1985PLC038137**Syndicate Member(s)**

[•]

**Designated Intermediaries*****Self-Certified Syndicate Banks***

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

Further, the branches of the SCSBs where the Designated Intermediaries could submit the ASBA Form(s) of Bidders (other than RIBs) is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time. Details of nodal officers of SCSBs, identified for Bids made through the UPI Mechanism, are available [www.sebi.gov.in](http://www.sebi.gov.in).

***Self-Certified Syndicate Banks and mobile applications enabled for UPI Mechanism***

In accordance with SEBI ICDR Master Circular, the UPI Bidders may only apply through the SCSBs and mobile applications whose names appears on the website of the SEBI, which may be updated from time to time. A list of SCSBs and mobile applications, using the UPI handles and which are live for applying in public issues using UPI mechanism, is provided in the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at

<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>, as updated from time to time.

### ***Syndicate Self-Certified Syndicate Banks Branches***

In relation to Bids (other than Bids by Anchor Investors and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any other website prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the members of Syndicate at Specified Locations, see the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any other website prescribed by SEBI from time to time.

### ***Registered Brokers***

Bidders can submit ASBA Forms in the Offer using the stock-broker network of the stock exchanges, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the stock exchanges at [www.bseindia.com/Markets/PublicOffers/brokercentres\\_new.aspx](http://www.bseindia.com/Markets/PublicOffers/brokercentres_new.aspx) and [www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively, as updated from time to time.

### ***Registrar and Share Transfer Agents***

The list of the RTAs eligible to accept ASBA forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of stock exchanges at <https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx> and [https://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), as updated from time to time.

### ***Collecting Depository Participants***

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of stock exchanges at <https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx> and <https://www.nseindia.com/products-services/initial-public-offerings-asba-procedures>, respectively, or such other websites as updated from time to time.

The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the application forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

### ***Experts***

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated December 23, 2024, from M/s. Jagdish Chand & Co, Chartered Accountants, to include their name as required under Section 26 (5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, to the extent and in their capacity as our Statutory Auditor in respect of (i) the examination report dated December 17, 2024 on the Restated Consolidated Financial Statements; (ii) the Statement of Possible Special Tax Benefits dated December 23, 2024; and (iii) in respect of the certificates issued by them in their capacity as an Statutory Auditor to our Company included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

### ***Monitoring Agency***

Our Company may be required to appoint a credit rating agency registered with SEBI as a monitoring agency to monitor the utilization of the proceeds from the Fresh Issue, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus with the RoC. For details in relation to the proposed utilization of the proceeds from the Fresh Issue, see “*Objects of the Offer*” on page 99.

### ***Credit Rating***

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

### ***IPO Grading***

No credit agency registered with SEBI has been appointed in respect of obtaining grading of the Offer.

### ***Debenture Trustees***

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

### ***Green Shoe Option***

No green shoe option is contemplated under the Offer.

### ***Appraising Entity***

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution.

### **Filing of this Draft Red Herring Prospectus**

A copy of this Draft Red Herring Prospectus shall be uploaded on the SEBI intermediary portal at <https://siportal.sebi.gov.in> as specified in Regulation 25(8) of the SEBI ICDR Regulations and the SEBIICDR Master Circular. A copy of this Draft Red Herring Prospectus will also be filed with SEBI at:

### **Securities and Exchange Board of India**

Corporation Finance Department  
Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, ‘G’ Block  
Bandra Kurla Complex  
Bandra (E), Mumbai 400 051  
Maharashtra, India.

### **Filing of the Red Herring Prospectus and the Prospectus**

A copy of the Red Herring Prospectus along with the material contracts and documents therein, will be filed with the RoC as required under section 32 of the Companies Act and a copy of the Prospectus will be filed with the RoC as required under Section 26 of the Companies Act through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do> on the MCA Portal.

### **Book Building Process**

The book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Draft Red Herring Prospectus and Bid cum Application Forms (and the Revision Forms) within the Price Band and minimum bid lot, which will be decided by our Company, in consultation with the BRLM and will be advertised in all [●], editions of English national daily newspaper and all editions of [●], Hindi national

daily newspaper (Hindi also being the regional language of Haryana, where our Registered Office is located), each with wide circulation, at least two working days prior to the Bid/ Offer Opening Date. The Offer Price shall be determined by our Company, in consultation with the BRLM, after the Bid/Offer Closing Date. For further details, see “Offer Procedure” on page 381.

All Bidders, other than Anchor Investors, shall only participate through the ASBA process providing the details of their respective ASBA Accounts in which the corresponding Bid Amount will be blocked by the SCSBs or in the case of UPI Bidders, by using the UPI Mechanism. Additionally, Retail Individual Bidders shall participate through the ASBA process only using the UPI Mechanism. Non-Institutional Bidders with an application size of up to ₹500,000 shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and NIBs are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors are not allowed to revise and withdraw their Bids after the Anchor Investor Bidding Date. Except Allocation to Retail Individual Investors, Non-Institutional Investors and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis.

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

For further details on the Book Building Process and the method and procedure for Bidding, please refer to “Terms of the Offer”, “Offer Structure” and “Offer Procedure” beginning on pages 369, 376 and 381, respectively of this Draft Red Herring Prospectus.

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

**Bidders should note that this Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.**

### **Illustration of Book Building Process and Price Discovery Process**

For an illustration of the Book Building Process and the price discovery process, please refer to the chapter titled “Offer Procedure” on page 381 of this Draft Red Herring Prospectus.

### **Underwriting**

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

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

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



Name, address, telephone, fax and email of the Underwriters	Indicative number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ Lakhs)
[•]	[•]	[•]

The abovementioned underwriting commitments are indicative and will be finalized after the determination of the Offer Price and finalization of the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

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

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally and not jointly responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers or subscribe to Equity Shares to the extent of the defaulted amount in accordance with and subject to the terms of the Underwriting Agreement.

## CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Draft Red Herring Prospectus, is set forth below:

*(in ₹, except the share data)*

S. No.	Particulars	Aggregate Face Value	Aggregate Value at Offer Price <sup>(1)</sup>
I.	<b>AUTHORIZED SHARE CAPITAL</b> <sup>(2)</sup>		
	40,000,000 Equity Shares of face value ₹10/- each	400,000,000	--
II.	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	23,849,998 Equity Shares of face value ₹10/- each	23,84,99,980	--
III.	<b>PRESENT OFFER</b>		
	Offer of up to 78,00,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] <sup>(3)(4)(5)</sup>	[●]	[●]
	<i>Comprising:</i>		
	Fresh Issue of up to 36,00,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs	[●]	[●]
	Offer for Sale of up to 42,00,000 Equity Shares of face value of ₹10 each by the Promoter Selling Shareholders aggregating up to ₹ [●] Lakhs	[●]	[●]
	<i>which includes</i>		
	Employee Reservation Portion of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs <sup>(6)</sup>	[●]	[●]
	Net Offer of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs	[●]	[●]
IV.	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares of face value of ₹ 10 each	[●]	[●]
V.	<b>Securities premium account</b>		
	Before the Offer (as on date of this Draft Red Herring Prospectus)	Nil	
	After the Offer	[●]	

<sup>(1)</sup> To be included upon finalization of the Offer Price

<sup>(2)</sup> For details in relation to the changes in the authorized share capital of our Company, see “History and Certain Corporate Matters –Amendments to our Memorandum of Association in the last ten years” on page 212

<sup>(3)</sup> Our Company, in consultation with the BRLM, may consider Pre-IPO Placement for cash consideration aggregating up to ₹ 1000 Lakhs, prior to filing of the Red Herring Prospectus with the ROC. The Pre-IPO Placement, if undertaken, will be at a price to be determined by our Company, in consultation with the BRLM. Prior to the completion of the offer if the Pre-IPO Placement is undertaken, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our company may proceed with the Offer, or the Offer may be successful and will result in listing of the equity shares on the stock exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken), shall be appropriately made in the relevant sections of the RHP and the Prospectus. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue.

<sup>(4)</sup> The Offer has been authorized by our Board pursuant to a resolution adopted at its meeting held on December 2, 2024 and by our Shareholders pursuant to a special resolution adopted at their meeting held on December 2, 2024, in accordance with Section 62(1)(c) of the Companies Act, 2013. Further, our Board has taken on record the approval for the Offer for Sale by the Promoter Selling Shareholders pursuant to its resolution dated December 17, 2024.

<sup>(5)</sup> *The Offered Shares are eligible to be offered for sale in the Offer in accordance with the Regulations 8 and 8A of the SEBI ICDR Regulations, as on the date of this Draft Red Herring Prospectus. Each of the Promoter Selling Shareholders has, severally and not jointly, authorized its respective participation in the Offer for Sale pursuant to its respective consent letters. For details on the authorizations and consents of each of the Promoter Selling Shareholders in relation to its respective portion of Offered Shares, see “The Offer” and “Other Regulatory and Statutory Disclosures – Authority for the Offer” on pages 70 and 356, respectively.*

<sup>(6)</sup> *Subject to valid bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the Book Running Lead Manager, and the Designated Stock Exchange, subject to applicable laws. Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹ 500,000 (net of the Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of the Employee Discount, if any). In the event of an under-subscription in the Employee Reservation Portion (if any) post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of the Employee Discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of the Employee Discount, if any). Our Company, in consultation with the Book Running Lead Manager, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹[●] per Equity Share) to Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Retail Portion in the Net Offer and such Bids will not be treated as multiple Bids. For further details, see “The Offer” beginning on page 70,*

## **Notes to Capital Structure**

### **1. Share Capital History of our Company**

#### **a. Equity Share Capital**

The history of the equity share capital of our Company is set forth below:

Date of Allotment of Equity Shares	Number of Equity Shares Allotted	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of Consideration (Cash/Other than Cash)	Nature of Allotment	Details of Allottees	Cumulative Number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
September 14, 2012	30,000	10	10	Cash	Subscription to MOA	Allotment of 10,000 Equity Shares each to Abhishek Mahawar, Dr. Kaviraj Singh and Ashok Kumar Gautam.	30,000	300,000
February 21, 2024 <sup>(1)</sup>	9,510,000	10	N.A.	Other than Cash	Bonus issue in the ratio of three hundred and seventeen Equity Shares for every one Equity Share held	Allotment of 7,893,300 Equity Shares to Dr. Kaviraj Singh and 1,616,700 Equity Shares to Ashok Kumar Gautam.	9,540,000	95,400,000
July 9, 2024 <sup>(2)</sup>	14,309,998	10	N.A.	Other than Cash	Bonus issue in the ratio of three Equity Shares for every two Equity Shares held	Allotment of 11,312,032 Equity Shares to Dr. Kaviraj Singh, 2,432,700 Equity Shares to Ashok Kumar Gautam, 286,200 Equity Shares to Avinash Kumar, 135,945 Equity Shares to Archit Srivastava, 143,100 Equity Shares to Manish Kapoor, 7 Equity Shares to Manish Singh Negi, 7 Equity Shares to Shifali Guleria, 7 Equity Shares to Deepika Mahala	23,849,998	238,499,980

<sup>(1)</sup>Allotment of three Equity Shares for every two Equity Shares held by the Shareholders authorized by a resolution passed by the Shareholders dated January 8, 2024, by capitalization of the free reserves.

<sup>(2)</sup>Allotment of three hundred seventeen Equity Shares for every one Equity Share held by the Shareholders authorized by a resolution passed by the Shareholders dated July 9, 2024, by capitalization of the free reserves.

### Secondary Transactions involving the Promoters, Promoter Group and the Promoter Selling Shareholders

Except as disclosed in “– Build-up of the Equity shareholding of our Promoters in our Company” on page, 91, no other acquisition or transfer of Equity Shares through secondary transactions by our Promoters, Promoter Selling Shareholders and members of the Promoter Group, has been undertaken as on the date of this Draft Red Herring Prospectus.

#### b. History of preference share capital.

As on the date of this Draft Red Herring Prospectus, our Company does not have any preference share capital.

## 2. Details of Equity Shares issued for consideration other than cash, bonus issue or out of revaluation reserved:

Our Company has not issued any equity shares for consideration other than cash, out of revaluation of reserves or by way of bonus issue since its incorporation, except as disclosed below: -

Date of Allotment of Equity Shares	Number of Equity Shares allotted	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Benefits accrued to our Company	Reason/ Nature of allotment	Name of Allottee
February 21, 2024	9,510,000	10	N.A.	N.A.	Bonus Issue in the ratio of three hundred seventeen Equity Shares for every one Equity Share held	Allotment of 7,893,300 Equity Shares to Dr. Kaviraj Singh and 1,616,700 Equity Shares to Ashok Kumar Gautam.
July 09, 2024	14,309,998	10	N.A.	N.A.	Bonus Issue in the ratio of three Equity Shares for every two Equity Shares held	Allotment of 11,312,032 Equity Shares to Dr. Kaviraj Singh, 2,432,700 Equity Shares to Ashok Kumar Gautam, 286,200 Equity Shares to Avinash Kumar, 135,945 Equity Shares to Archit Srivastava, 143,100 Equity Shares to Manish Kapoor, 7 Equity Shares to Manish Singh Negi, 7 Equity Shares to Shifali Guleria, 7 Equity Shares to Deepika Mahala

## 3. Issue of Equity Shares under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013

Our Company has not issued or allotted any Equity Shares pursuant to any scheme of arrangement approved under Section 391-394 of the Companies Act, 1956 or section 230-234 of the Companies Act, 2013.

## 4. Issue of Equity Shares under employee stock option schemes

As on date of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares pursuant to exercise of stock options granted pursuant to the ESOP 2023. For details of outstanding options granted pursuant to the ESOP 2023, see “- ESOP 2023” on page 96.

## 5. Issue of Equity Shares at a price lower than Offer Price in the last one (1) year

Except as disclosure in “*Capital Structure - Notes to Capital Structure*” on page 86 our Company has not made an issue of Equity Shares at a price which may be lower than the Offer Price during the period of one year preceding the date of filing of this Draft Red Herring Prospectus.

6. All issuances and allotments of Equity Shares by our Company since incorporation have been made in compliance with the Companies Act.

## 7. Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

S. No (I)	Category of shareholder (II)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XI=VIII+IX)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class Equity Shares of ₹10/- each	Total								
(A)	Promoters & Promoter Group	2	2,25,50,137	-	-	2,25,50,137	94.55	2,25,50,137	2,25,50,137	94.55	-	-	-	-	-	-	2,25,50,137
(B)	Public	9	12,99,861	-	-	12,99,861	5.45	12,99,861	12,99,861	5.45	-	-	-	-	-	-	12,99,861
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Emp. Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>11</b>	<b>23,849,998</b>	<b>-</b>	<b>-</b>	<b>23,849,998</b>	<b>100.00</b>	<b>23,849,998</b>	<b>23,849,998</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,849,998</b>

8. **Details of equity shareholding of major shareholders of our Company**

- a. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as on the date of this Draft Red Herring Prospectus:

S. No	Name of the Shareholder	Number of Equity Shares held	% of the pre-offer Equity Share Capital
1	Dr. Kaviraj Singh	1,84,95,637	77.55%
2	Ashok Kumar Gautam	40,54,500	17.00%
3	Avinash Kumar	4,77,000	2.00%
4	Manish Kapoor	2,38,500	1.00%
<b>Total</b>		<b>2,32,65,637</b>	<b>97.55%</b>

- b. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as of 10 days prior to the date of this Draft Red Herring Prospectus:

S. No	Name of the Shareholder	Number of Equity Shares held	% of the pre-offer Equity Share Capital
1	Dr. Kaviraj Singh	1,84,95,637	77.55%
2	Ashok Kumar Gautam	40,54,500	17.00%
3	Avinash Kumar	4,77,000	2.00%
4	Manish Kapoor	2,38,500	1.00%
<b>Total</b>		<b>2,32,65,637</b>	<b>97.55%</b>

- c. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as of one year prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Number of Equity Shares held	% of the pre-offer Equity Share Capital
1.	Dr. Kaviraj Singh	24,900	83.00%
2.	Ashok Kumar Gautam	5,100	17.00%
<b>Total</b>		<b>30,000</b>	<b>100.00</b>

- d. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as of two years prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	% of the pre-offer Equity Share Capital
1.	Dr. Kaviraj Singh	20,000	66.67%
2.	Ashok Kumar Gautam	10,000	33.00%
<b>Total</b>		<b>30,000</b>	<b>100.00</b>

9. Except for the Equity Shares to be allotted pursuant to (i) the Offer; and (ii) any exercise of options granted under ESOP 2023, our Company presently does not intend or propose to alter its capital structure for a period of six (6) months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of further public issue of Equity Shares, or otherwise. However, if business needs of our Company so require, our Company may alter the capital structure by way of split/ consolidation of the denomination of the Equity Shares/ issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening

of the Offer or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required.

**10. History of build-up of Promoters' shareholding (including Promoters' contribution) and Lock-in of Promoters' shareholding:**

**i. Build-up of Promoters' shareholding.**

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Nature of Transaction	Nature of Consideration	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	% of pre-Offer Equity share capital	% of post Offer equity share capital	
<b>Dr. Kaviraj Singh</b>								
September 14, 2012	10,000	Subscription to the MoA	Cash	10	10	0.04	[●]	
April 20, 2022	10,000	Transfer from Sanjeev Kumar	Cash	10	300	0.04	[●]	
November 27, 2023	4,900	Transfer from Ashok Kumar Gautam	Cash	10	3061.22	0.02	[●]	
February 21, 2024	7,893,300	Bonus Issue in the ratio of 317:1	Other than Cash	10	N.A.	33.10	[●]	
February 23, 2024	(95,400)	Transfer to Manish Kapoor	Cash	10	29	(0.40)	[●]	
February 23, 2024	(190,800)	Transfer to Avinash Kumar	Cash	10	29	(0.80)	[●]	
February 23, 2024	(90,630)	Transfer to Archit Srivastava	Cash	10	29	(0.38)	[●]	
May 31, 2024	(5)	Transfer to Shifali Guleria	Cash	10	29	Negligible	[●]	
May 31, 2024	(5)	Transfer to Manish Singh Negi	Cash	10	29	Negligible	[●]	
June 05, 2024	(5)	Transfer to Deepika Mahala	Cash	10	29	Negligible	[●]	
July 09, 2024	11,312,032	Bonus Issue in the ratio of 3:2	Other than Cash	10	N.A.	47.43	[●]	
August 06, 2024	(1,78,876)	Transfer to Sanjay Kumar	Cash	10	102.72	(0.75)	[●]	
August 06, 2024	(89,437)	Transfer to Shaurya Sonthalia	Cash	10	102.72	(0.37)	[●]	
August 06, 2024	(89,437)	Transfer to Rajya Sonthalia	Cash	10	102.72	(0.37)	[●]	
<b>Sub Total (A)</b>	<b>1,84,95,637</b>	<b>77.55</b>						[●]
<b>Ashok Kumar Gautam</b>								
September 14, 2012	10,000	Subscription to the MoA	Cash	10	10	0.04	[●]	
November 27, 2023	(4,900)	Transfer to Dr. Kaviraj Singh	Cash	10	3,061.22	(0.02)	[●]	



February 21, 2024	1,616,700	Bonus Issue in the ratio of 317:1	Other than Cash	10	NIL.	6.78	[●]
July 09, 2024	2,432,700	Bonus Issue in the ratio of 3:2	Other than Cash	10	NIL	10.20	[●]
<b>Sub Total (B)</b>	<b>4,054,500</b>					<b>17.00</b>	<b>[●]</b>
<b>Total (A+B)</b>	<b>2,32,65,637</b>					<b>94.55</b>	<b>[●]</b>

\* All the Equity Shares held by our Promoter were fully paid up as on the respective dates of acquisition of such Equity Shares.

\*\* Cost of acquisition excludes stamp duty

As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

**ii. Details of Lock-in of Equity Share capital:**

**Promoters' Contribution locked-in for three (3) years**

Pursuant to Regulation 14 and 16 of the SEBI ICDR Regulations, as amended, an aggregate of at 20% of the fully diluted post-Offer Equity Share Capital of our Company held by the Promoters, shall be considered as Promoters' Contribution ("Promoters' Contribution") and shall be locked-in for a period of three (3) years from the date of Allotment. The Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchanges before listing of the Equity Shares.

Accordingly, Equity Shares aggregating 20% of the post-Offer capital of our Company, held by our Promoters shall be locked-in for a period of three (3) years from the date of Allotment in the Offer as follows:

Date on which the Equity Shares were Allotted/made fully paid up/Acquired	No. of Equity Shares locked-in*	Face Value Per Equity Shares (₹)	Issue/ Acquisition Price Per Share (₹)	Nature of transaction	% of post-Offer Equity Share capital**	Period of Lock-in	Date up to which the Equity Shares subject to lock-in**
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated at the Prospectus stage

\*All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition as the case may be, of such Equity Shares

\*\*Subject to finalization of Basis of Allotment

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

The Promoters' Contribution has been brought into the extent of not less than the specified minimum lot and from the person defined as 'promoter' under the SEBI ICDR Regulations.

The Equity Shares that are being locked are eligible for computation of Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. In this respect, we confirm the following:

- i) that the minimum Promoters' Contribution does not consist of Equity Shares acquired during the preceding three years, which have been acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets is involved in such transaction;
- ii) that the minimum Promoters' Contribution does not consist of Equity Shares acquired during the preceding three years, resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from bonus issue against Equity Shares which are ineligible for minimum promoters' contribution;
- iii) that the minimum Promoters' Contribution does not consist of Equity Shares acquired during the one (1) year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the price at which the Equity Shares are being offered to the public in the Offer;
- iv) that the Equity Shares held by our Promoters which are offered for minimum Promoters' Contribution are not subject to any pledge or any other form of encumbrance whatsoever; and all the Equity Shares of our Company held by the Promoters are dematerialized;
- v) The Equity Shares offered for Promoters' Contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoters for inclusion of its subscription in the Promoters' Contribution subject to lock-in.
- vi) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm into a Company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm or limited liability partnership

**a. Details of Equity Shares Locked-in for six months**

In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters locked in for three years and the remaining post-Offer shareholding held by our Promoters in our Company which is locked in for one year, in terms of Regulations 17 of the SEBI ICDR Regulations, the entire pre-Offer equity share capital of our Company will be locked-in for a period of six months from the date of Allotment in the Offer, except for (i) the Equity Shares which are successfully transferred pursuant to the Offer for Sale by the Promoter Selling Shareholders; (ii) any Equity Shares allotted to eligible employees of the Company, whether currently employees or not (or such persons as permitted under the SEBI SBEB & SE Regulations or the ESOP 2023) pursuant to the ESOP 2023.

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

**b. Lock-in of Equity Shares Allotted to Anchor Investors**

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

**c. Other requirements in respect of lock-in**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan with a scheduled commercial bank, a public financial institution, Systemically Important Non-Banking. Financial Company or a deposit accepting housing finance company, subject to the following:

- (i) With respect to the Equity Shares locked-in for one year from the date of Allotment, such pledge of Equity Shares must be one of the terms of the sanction of the loan.
- (ii) With respect to the Equity Shares locked-in as Promoters' Contribution for 3 years from the date of Allotment, the loan must have been granted for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in terms of Regulation 16 of the SEBI ICDR Regulations, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in, in the hands of such transferee, for the remaining period and compliance with provisions of the Takeover Regulations, as applicable. Further, Equity Shares of face value of ₹10 each held by persons other than our Promoters prior to the Offer and locked-in for a period of six months, may be transferred to any other person holding Equity Shares of face value of ₹10 each which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in with the transferee and compliance with the provisions of the Takeover Regulations.

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

- d. We further confirm that our Promoters' Contribution of 20% of the post-Offer Equity Share capital does not include any contribution from Alternative Investment Fund, Foreign Venture Capital Investors, Scheduled Commercial Banks, Public Financial Institutions or Insurance Companies registered with Insurance Regulatory and Development Authority of India.

11. As on the date of this Draft Red Herring Prospectus, our Company has 11 Shareholders.

**12. Details of the pre and post-Offer shareholding of our Promoters and Promoter Group:**

Our Promoters and Promoter Group holds 94.55% of the pre-Offer Equity Share Capital of our Company. Except as stated below, our Promoters and the members of our Promoter Group do not hold any Equity Shares in our Company as on date of this Draft Red Herring Prospectus:

Promoters*	Pre-Offer		Post-Offer	
	Number of Equity Shares	Percentage (%) holding	Number of Equity Shares	Percentage (%) holding
Dr. Kaviraj Singh	1,84,95,637	77.55	[●]	[●]
Ashok Kumar Gautam	40,54,500	17.00	[●]	[●]
<b>Total</b>	<b>2,25,50,137</b>	<b>94.55</b>	<b>[●]</b>	<b>[●]</b>

\*Our Promoter Group members do not hold any Equity Shares in the Company as on the date of this Draft Red Herring Prospectus

13. None of the Equity Shares held by our Promoters and the members of our Promoter Group are pledged or otherwise encumbered.

14. Except for as provided below, none of the Promoters, members of our Promoter Group or our Directors or their relatives have sold or purchased Equity Shares of our Company during the six (6) months immediately preceding the date of this Draft Red Herring Prospectus::

Name of Acquirer	Date of Acquisition of Equity Shares	No. of Equity shares acquired	Acquisition price per Equity Share (in ₹)	Nature of Acquisition
<b>Promoters</b>				
Dr. Kaviraj Singh	July 9, 2024	11,312,032	-	Bonus Issue in the ratio of 3:2 (Three Equity Shares for every Two Equity Share held)
Ashok Kumar Gautam	July 9, 2024	2,432,700	-	Bonus Issue in the ratio of 3:2 (Three Equity Shares for every Two Equity Share held)

15. Except as disclosed in “*Our Management – Shareholding of the Directors*” and “*Our Management – Shareholding of the Key Managerial Personnel and Senior Management*” on pages 222 and 231 respectively, none of the Directors, Key Managerial Personnel or Senior Management hold any Equity Shares as on the date of this Draft Red Herring Prospectus.
16. There are no financing arrangements whereby the Promoters, members of our Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of the Issuer during the period of 6 (six) months immediately preceding the date of filing the Draft Red Herring Prospectus.
17. Our Company, our Directors, our Promoters and the BRLM have not entered into any buy-back and/ or standby and/ or similar arrangements for the purchase of Equity Shares of our Company, offered through this Draft Red Herring Prospectus, from any person.
18. The Equity Shares are fully paid-up and there are no partly-paid up Equity Shares as on the date of this Draft Red Herring Prospectus. Since the entire Offer price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.
19. The BRLM or its associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares in our Company as on the date of filing of this Draft Red Herring Prospectus.
20. The Book Running Lead Manager is not an associate of our Company.
21. Our Company has not made any preferential issue or rights issue of any kind or class of securities since its incorporation.
22. For details of price of acquisition of specified securities by our Promoter, members of the Promoter Group, Promoter Selling Shareholders and other Shareholders with nominee director rights or other rights, in the last three years preceding the date of this Draft Red Herring Prospectus, please see “*Summary of the Offer Document – Details of price at which specified securities were acquired by our Promoters, members of the Promoter Group, Promoter Selling Shareholders and other Shareholders entitled with the right to nominate directors or other rights in the last three years*” on page 3535.
23. Except for the allotment of Equity Shares upon exercise of options vested pursuant to the ESOP 2023, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus.
24. Except for the allotment of Equity Shares (a) upon exercise of options vested pursuant to the ESOP 2023 and (b) pursuant to the Pre-IPO Placement, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus until the Equity Shares to be issued pursuant to the Offer have been listed.

25. In case of over-subscription in all categories the allocation in the Offer shall be as per the requirements of Regulation 49 of SEBI ICDR Regulations.
26. None of our Equity Shares have been issued out of revaluation reserve created out of revaluation of assets.
27. An over-subscription to the extent of 1% of the Offer can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Offer. Consequently, the actual allotment may go up by a maximum of 1% of the Issue, as a result of which, the post-Offer paid up capital after the Offer would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to 3 years lock- in shall be suitably increased; so as to ensure that 20% of the post Offer paid-up capital is locked in.
28. Subject to valid bids being received at or above the Offer Price, under subscription, if any, in any of the categories except in the QIB Portion, would be allowed to be met with spill-over from any of the other categories or a combination of categories of Bidders at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange, subject to applicable laws. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines. In case of under-subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the sale of Offered Shares being offered by the Selling Shareholders in the Offer for Sale; and (ii) through the issuance of balance part of the Fresh Issue. In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in “Terms of the Offer” beginning on page 316.
29. The unsubscribed portion in any reserved category, if any, may be added to any other reserved category.
30. There are no Equity Shares against which depositories receipts have been issued.
31. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
32. Our Promoters and Promoter Group will not participate in this Offer.
33. The BRLM, our Company, members of the Syndicate, our Directors, our Promoters, our Promoter Group and/ or any person connected with the Offer shall not offer any incentive, whether direct or indirect, in the nature of discount, commission and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant, for making an Application.
34. There are no safety net arrangements for this Offer.
35. Our Company shall ensure that transactions in Equity Shares by our Promoters and members of the Promoter Group, if any, between the date of filing of the Draft Red Herring Prospectus and the Offer Closing Date will be reported to the Stock Exchanges within 24 hours of such transactions being completed.
36. **Employee Stock Options Scheme of our Company (“ESOP 2023”)**

Our Company, pursuant to the resolutions passed by our Board on January 04, 2024 and our Shareholders’ on January 08, 2024 adopted the “Earthhood Services Employee Stock Option Scheme-2023” (“**ESOP 2023**”). The ESOP 2023 was last amended pursuant to the resolutions passed by our Board at its meeting held on October 15, 2024 and our Shareholders’ held on October 15, 2024. The purpose ESOP 2023 is (i) to motivate the employees to contribute towards the growth and profitability of the Company; (ii) to achieve sustained growth and the creation of shareholder value by aligning the interest of the employees with the long-term interests of the Company; and (iii) to create a sense of ownership and participation amongst the employees to share the value they create for the Company in the years to come. The ESOP 2023 is in compliance with the SEBI SBEB & SE Regulations.

As on the date of this Draft Red Herring Prospectus, under ESOP 2023, an aggregate of 1,57,310 options have been granted, of which NIL options are outstanding and NIL have been vested and no options have been exercised. These options have been granted in compliance with the relevant provisions of the Companies Act, 2013 and only to the employees of our Company.

Particulars	Details	
	From 1 <sup>st</sup> April 2024 – until the date of this Draft Red Herring Prospectus	Fiscal 2024
Options granted during the period	1,57,310	1,04,873
No. of employees to whom options were granted	04	04
Total options vested (net of forfeited/ lapsed/ cancelled/ exercised options)	NA	NA
Total options exercised	NA	NA
Options forfeited/ lapsed/ cancelled	NA	NA
Total number of options outstanding (excluding options not granted)	NA	NA
Vesting period (years)	Two years from the date of grant of options	Two years from the date of grant of options
Exercise price of options in ₹ (as on the date of grant of options)	10	10
Variation of terms of options	NA	NA
Money realized by exercise of options (in ₹ million)	NA	NA
Options exercised (since implementation of the ESOP scheme)	NA	NA
Total number of Equity Shares that would arise as a result of exercise of granted options	1,57,310	1,04,873
Method of valuation	Fair Value Method	Fair Value Method
Total no. of options in force	2,62,183	1,04,873
Employee wise details of options granted to:		
(i) Key managerial Personnel and Senior Management	<p>No of Options:  <b>KMP:</b>  Manish Singh Negi: 52,838</p> <p><b>SMP:</b>  Deepika Mahala: 66,413  Shifali Guleria: 55,755  Archit Srivastava: 87,178</p>	<p>No of Options:  <b>KMP:</b>  Manish Singh Negi: 21,135</p> <p><b>SMP:</b>  Deepika Mahala: 26,565  Shifali Guleria: 22,302  Archit Srivastava: 34,871</p>
(ii) Any other employee who receives a grant in any one year of options amounting to 5 percent or more of the options granted during the year	NA	NA
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	NA	NA
Diluted earnings per share pursuant to the issue of equity shares on exercise of options in accordance with IND AS 33 'Earnings Per Share' (₹)	2.25	8.11
Where our Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of our Company and on the earnings per equity share of our Company		NA

Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	The fair value of options granted is estimated using Black-Scholes Methodology and assuming the geometric Brownian motion theory of stock price behavior and risk-neutral valuations.	
Exercise Price (in ₹)	10	10
Expected volatility	12.83	12.83
Option life (Years)	4.5 years and 6.5 years	4.5 years and 6.5 years
Dividend yield (%)	0	0
Risk-free interest rate (%)	7.09	7.09
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Regulation 15 of SEBI SBEBSE Regulations in respect of options granted in the last three years	Our Company has complied with the accounting standard issued by the Institute of Chartered Accountants of India which is in line with the SEBI SBEB & SE Regulations	
Intention of key managerial personnel, senior management and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	No	No
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, key managerial personnel, senior management and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1 percent of the issued capital (excluding outstanding warrants and conversions)	No	No

## OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue of up to 36,00,000 Equity Shares of face value of ₹ 10 each, aggregating up to ₹ [●] Lakhs by our Company and an Offer for Sale of up to 42,00,000 Equity Shares of face value of ₹ 10 each aggregating up to ₹ [●] Lakhs by the Promoter Selling Shareholders. For details, see “Summary of the Offer Document” and “The Offer” beginning on pages 28 and 70, respectively.

### Offer for Sale

The object of the Offer for Sale is to allow the Promoter Selling Shareholders to sell up to 42,00,000 Equity Shares of face value of ₹ 10 each held by them aggregating up to ₹ [●] Lakhs. Set forth hereunder are the details of the number of Equity Shares offered by each of the Promoter Selling Shareholder in the Offer:

S. No.	Name of the Promoter Selling Shareholders	Pre-Offer Equity Shares of face value of ₹ 10 each held	Maximum number of Equity Shares of face value of ₹ 10 each to be offered in the Offer
1.	Dr. Kaviraj Singh	1,84,95,637 Equity Shares	Up to 27,30,000 Equity Shares
2.	Ashok Kumar Gautam	40,54,500 Equity Shares	Up to 14,70,000 Equity Shares

Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. The Promoter Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale, net of their respective proportion of the Offer-related expenses and the relevant taxes thereon

### Fresh Issue

The details of the proceeds from the Net Proceeds from the Fresh Issue are provided in the following table:

Particulars	Estimated Amount (₹ in Lakhs) <sup>(4)</sup>
Gross proceeds from the Fresh Issue <sup>(1)(2)</sup>	[●]
Less: Offer related expenses to be borne by our Company <sup>(3)(4)</sup>	[●]
<b>Net Proceeds from the Fresh Issue (Net Proceeds) <sup>(4)</sup></b>	<b>[●]</b>

<sup>(1)</sup> Subject to full subscription of the Fresh Issue component.

<sup>(2)</sup> Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of SCRR. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilize the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer. On utilization of proceeds from the Pre-IPO Placement (if any) prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if any) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

<sup>(3)</sup> For details, please see “Offer related expenses” on page 110 below

<sup>(4)</sup> To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC

### Requirements of funds and utilization of Net Proceeds

The Net Proceeds of the Fresh Issue are proposed to be utilized in the following manner:

1. Funding requirements towards strengthening our technological capabilities through the development, ownership and commercialization of proprietary DMRV (Digital Monitoring, Reporting and Verification) intellectual property and solutions; and
2. General corporate purposes

(collectively, referred to herein as the “Objects”)



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

The main objects clause and objects incidental and ancillary to the main objects clause as set out in the Memorandum of Association enables our Company to undertake the activities for which funds are proposed to be raised by our Company through this Offer.

### Net Proceeds

Particulars	Estimated Amount (₹ in Lakhs) <sup>(1)</sup>
Funding requirements towards strengthening our technological capabilities through the development, ownership and commercialization of proprietary DMRV intellectual property and solutions	3000.00
General corporate purposes <sup>(1)(2)</sup>	[●]
<b>Net Proceeds <sup>(1)</sup></b>	<b>[●]</b>

<sup>(1)</sup> To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC

<sup>(2)</sup> The amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds

### Proposed schedule of implementation and deployment of Net Proceeds

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

Particulars	Total Estimated Costs <sup>(1)</sup>	Estimated Amount to be funded from Net Proceeds <sup>(1)</sup>	(₹ in Lakhs)	
			Estimated deployment of Net Proceeds in Financial Year <sup>(1)</sup>	
			FY 2026	FY 2027
Funding requirements towards strengthening our technological capabilities through the development, ownership and commercialization of proprietary DMRV intellectual property and solutions	3,000.00	3,000.00	2,400.00	600.00
General corporate purposes <sup>(1)(2)</sup>	[●]	[●]	[●]	[●]
<b>Net Proceeds <sup>(1)</sup></b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

<sup>(1)</sup> To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC

<sup>(2)</sup> The amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, market conditions and other external commercial and technical factors including number of senior and junior employees we hire, size and location of our offices, technological infrastructure required such as software and hardware, operational costs, including wages, taxes and regulatory fees, compliance costs such as obtaining licenses and permits, tax regime in the country in which we operate, interest rates, exchange rate fluctuations and other charges. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution or the BRLM. We may have to revise our funding requirements and deployment schedule on account of a variety of factors such as our financial and market condition, business and strategy, negotiation, variation in cost estimates and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws

In the event that the estimated utilization of the Net Proceeds in a scheduled financial year is not completely met, due to the reasons stated above, the same shall be utilized in the next financial year, as may be determined by our Company, in accordance with applicable laws.

For details on risks involved, see “Risk Factor No. 48 - *The objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders’ approval.*” on page 62.

### **Means of finance**

The fund requirements towards the Objects detailed above are proposed to be entirely funded from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and internal accruals as required under the SEBI ICDR Regulations. In case of a shortfall in the Net Proceeds or any increase in the actual utilization of funds earmarked for Objects, our Company may explore a range of options including utilizing our internal accruals or availing additional debt for capital expenditure.

Our Company may, from the date of the filing of the Draft Red Herring Prospectus till the date of listing of Equity Shares on Stock Exchanges(s), spend certain amount towards the Objects. If such amount is incurred, it will be spent from the internal accruals of our Company, and same shall be recouped out of the Net Proceeds.

### **Details of the Objects of the Fresh Issue**

#### ***1. Funding requirements towards strengthening our technological capabilities through the development, ownership and commercialization of proprietary DMRV intellectual property and solutions***

We are engaged in the business of certifying environmental attributes primarily through carbon validation and verification services, Environmental, Social and Governance (ESG) assurance and advisory services to customers in India and overseas.

Currently, we carry out our carbon validation and verification manually and it is a labour-intensive process involving on-site inspections by physically visiting project sites to gather data and verify compliances. Data collection process is also manual in nature involving collection and entry of data, such as emissions measurements and project documentation. Once the data is collected, analysis of that data is also done manually to assess project performance and various compliances. And once such analysis is done, preparation of detailed reports summarizing project activities and results is also done manually.

A detailed cycle of our manual carbon validation and verification process followed by us is enumerated below:



**Desk Review & Planning for the site Visit**

The Validation/Verification team commences the process by conducting a comprehensive review of project documentation, including emission reduction calculations, monitored data and supporting evidence. This initial review serves to establish the validation / verification scope and objectives.

**On-Site Assessment & Findings**

The team conducts a physical inspection of the project site to verify the implementation of processes and technologies. They review the monitored data and records to ensure compliance with relevant standards and registry requirements. Any non-conformities identified are documented and the client is given an opportunity to respond and implement corrective actions.

**Resolution of Findings**

Upon receiving the client's responses to the identified findings, the team conducts a thorough assessment to determine their resolution status. Multiple rounds of evaluation may be necessary to reach a definitive conclusion regarding the issuance of an opinion.

**Issuance of Draft Validation / Verification Report**

A draft report summarizing the findings and conclusions of the validation / verification assessment is prepared and shared with the client for their review and feedback.

**Internal Technical Review**

The draft report is submitted to our internal technical review team for a comprehensive and independent assessment. This review ensures compliance with relevant standards and our Quality Management System. The client is given the opportunity to address any questions or concerns raised by the technical reviewers prior to the issuance of a final opinion

## Completeness Check

Once all findings have been addressed and the project documents and report are deemed compliant with relevant standards and requirements by our internal technical reviewer(s), an independent consistency and completeness check is conducted. This final step ensures the overall quality of the validation / verification report and adherence to acceptable submission templates and formats

## Issuance of Final Validation / Verification Report

Upon completion of the completeness check, the final version of the validation/verification report is prepared and signed by the Chief Executive officer and director. This officially concludes the validation/verification process and the final report is submitted to the respective program. This refined structure ensures clarity and highlights the systematic approach taken throughout the process.

Manual validation / verification process often is time-consuming, labor-intensive and prone to errors, particularly for some of the projects which involve complex methodologies. The manual collection and analysis of data also comes with inconsistencies and increase costs associated with on-site inspections, data analysis and report preparation. It is also difficult to handle large volumes of data or complex projects effectively.

In our service-based business model, we have to rely heavily on our employee resources for successfully performing tasks such as project assessment, on-site inspections and data analysis. Given that our employee costs constituted a significant portion in the range of 22.41% to 36.99% of our total revenues during the last three Fiscals, optimizing their productivity is crucial for improving our profitability. By implementing automation solutions, we can streamline these processes, reducing the time and effort required from our employees. This increased efficiency will not only enhance overall productivity but also contribute directly to cost savings and improved financial performance for our Company.

The table below provides employee costs as a percentage of our total revenue in the periods/ years indicated:

*(₹ in Lakhs, unless stated otherwise)*

Particulars	Six months period ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total Revenue	2,189.13	4,679.34	3,239.29	1,011.17
Employee costs	629.54	1,048.66	873.32	373.99
Employee costs as a % of our Total Revenue	28.75	22.41	26.96	36.99

With an intention to introduce automation in our validation / verification process, we propose to utilize ₹ 3,000 Lakhs towards strengthening our technological capabilities through the development, ownership and commercialization of proprietary DMRV intellectual property and solutions by the name of “**Earthlink**”.

By implementing DMRV (Digital Monitoring, Reporting and Verification), “**Earthlink**”, we would be able to significantly improve the efficiency and productivity of our processes. Automation can streamline many of the manual tasks involved in carbon validation and verification, reducing the time and effort required for data collection, analysis and reporting. This will not only facilitate our employees to focus on higher-value activities but also reduce the risk of human errors. Improving employee productivity through automation has a direct impact on our profitability. By reducing the time and resources spent on manual tasks, we can lower our operating costs and increase our margins. Additionally, the enhanced efficiency and accuracy provided by Earthlink can improve our reputation and attract more clients, leading to increased revenue.

Earthlink offers numerous advantages over manual validation / verification process. Automated data collection and analysis significantly reduces the time and effort required, while technology-driven monitoring ensures

improved data accuracy. Additionally, it can provide real-time insights into project performance, enabling faster decision-making and issue resolution. Its scalability allows it to efficiently handle large-scale and complex projects and blockchain-based registries enhance transparency and trust in carbon markets. It will also offer several key benefits, including real-time monitoring of carbon emissions and removals, enhanced data quality through automated data collection and verification, streamlined reporting for simplified compliance and stakeholder communication, increased operational efficiency through reduced manual effort and improved data processing and boosted market confidence through secure and transparent blockchain-based registries of carbon credits.

**Earthlink will have following features:**

1

**Centralized Communication:**

All communication and collaboration between teams and clients happen within one unified platform, replacing multiple email threads

2

**Real-Time Document Management:**

Documents can be uploaded, tracked and accessed by both our teams and clients on a real time basis, ensuring seamless collaboration

3

**Task & Workflow Management:**

Easily assign, track and complete tasks, with clear visibility into deadlines and progress to ensure efficient teamwork

4

**Automated Email Notifications:**

Key updates, approvals and task assignments automatically trigger email notifications, so no important actions are missed

5

**Approval Workflow:**

A streamlined approval process reduces delays and simplifies decision-making with step-by-step Tracking

6

**Transparency & Accountability:**

Both our internal team and clients have full, real-time visibility into project progress, tasks and deadlines, ensuring transparency

7

**Audit Trail & Activity Log:**

Every action is tracked with a complete audit trail for transparency, compliance and accountability

8

**Secure Document Storage:**

All documents are securely stored within the platform, ensuring safety and easy access without risk of data loss.

9

**Reporting & Analytics:**

Generate real-time reports and insights on project progress, tasks and approvals, helping teams make data-driven decisions.

10

**Client Collaboration Tools:**

Clients can directly participate in the process, submit documents and track progress through their dedicated portal

11

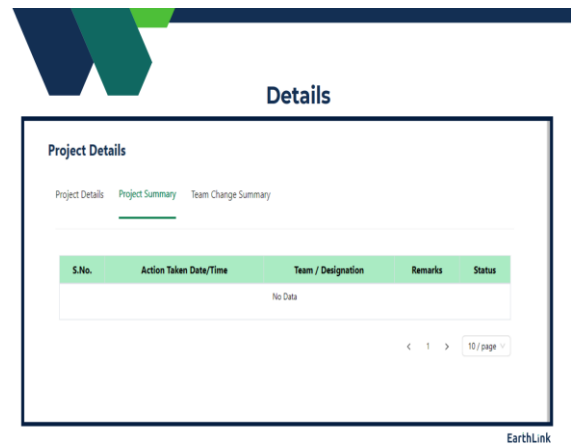
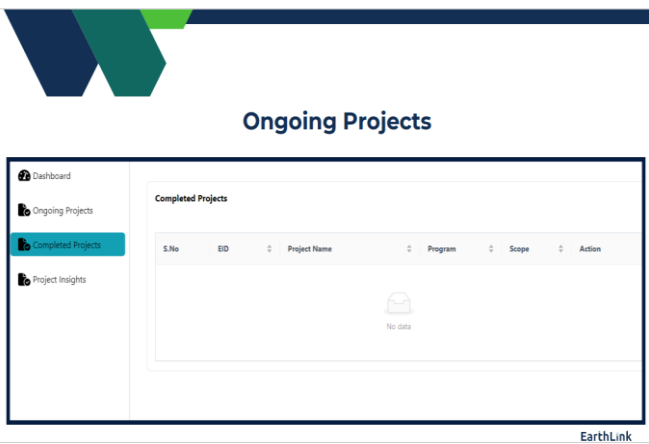
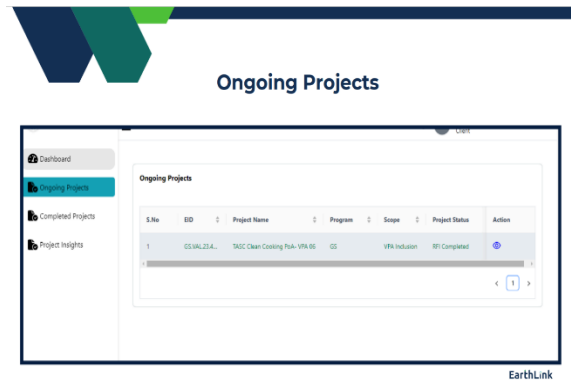
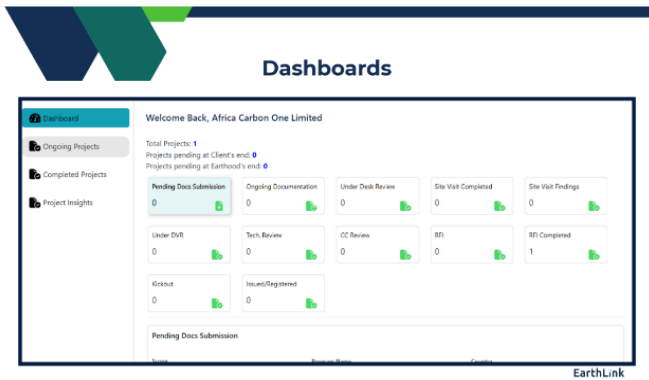
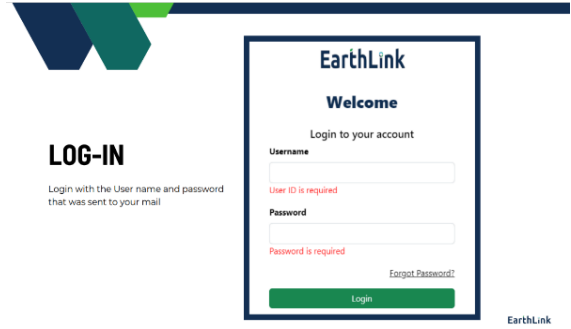
**Customized Dashboards:**

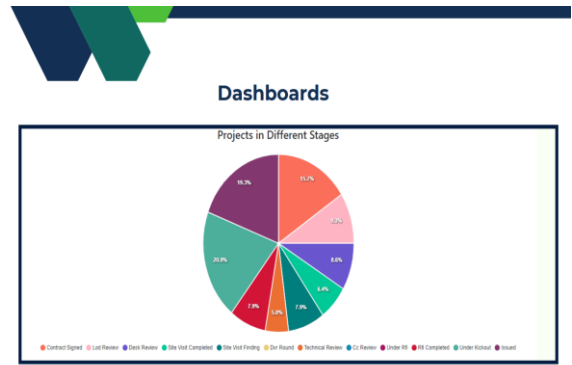
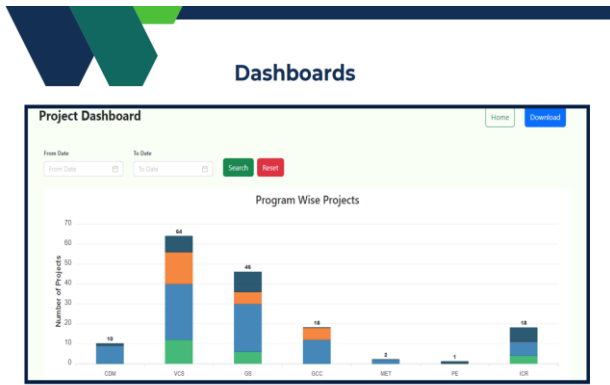
Personalized dashboards provide a snapshot of key tasks, deadlines and project status at a glance

**Summary Tracking:**

Tracking timelines and summary at every step that's changed at one place.

Below are snapshots of prototype of Earthlink which we have created





We have accepted a proposal on December 19, 2024 issued by Climate Connect Digital Limited (an affiliate of ReNew Power International Limited) for development of Earthlink. The proposal is valid on the date of this Draft Red Herring Prospectus and shall remain in force until terminated. The project will be developed in five phases.

The total estimated cost has not been appraised by any bank or financial institution. Details of the estimated cost in relation to development, ownership and commercialization of proprietary DMRV intellectual property and solutions which is proposed to be funded by utilizing a portion of the Net Proceeds are set forth below:

(₹ in Lakhs)

Particulars*	Total estimated expenses to be incurred	Estimated amount to be incurred from Net Proceeds	Estimated deployment of Net Proceeds in FY 2026	Estimated deployment of Net Proceeds in FY 2027
<b>Phase I</b> – Foundational Components	500.00	500.00	500.00	-
<b>Phase II</b> – DMRV Solutions for Renewable Energy projects	800.00	800.00	800.00	-
<b>Phase III</b> – DMRV Solutions for cookstove projects	600.00	600.00	600.00	-
<b>Phase IV</b> – DMRV solutions for NBS (Nature Based Solutions) projects	500.00	500.00	500.00	-
<b>Phase V</b> – DMRV solutions for Waste Management & Complex projects	600.00	600.00	-	600.00
<b>Total</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>2,400.00</b>	<b>600.00</b>

\* All expenses to be incurred are exclusive of applicable taxes and other ancillary costs

Given below is the detailed explanation of phase wise expenses to be incurred

Phase	Proposed area of expenditure
<b>Phase I</b> – Foundational Components	<p><b>Key Milestones</b></p> <ul style="list-style-type: none"> <li><b>Product Pre-requisites</b> <ul style="list-style-type: none"> <li>Completion of the Feasibility Study: Establish feasibility in terms of technology, market demand and scale</li> <li>Product Requirement Documents (PRDs): Detailed documentation covering functionality, technical requirements and user stories</li> </ul> </li> </ul>

Phase	Proposed area of expenditure
	<ul style="list-style-type: none"> <li>○ Management System: Implementation of a comprehensive management system that oversees product development and project timelines</li> <li>● <b>Product Architecture</b> <ul style="list-style-type: none"> <li>○ Design and Approval of the product’s scalable architecture, integrating system modules for data processing, user management and third-party tools</li> </ul> </li> <li>● <b>Data Integration &amp; Engineering</b> <ul style="list-style-type: none"> <li>○ Integration of Data Sources: Establish necessary APIs and data connectors for seamless ingestion and processing of diverse data streams</li> </ul> </li> <li>● <b>Blockchain System</b> <ul style="list-style-type: none"> <li>○ Deployment of a blockchain system for the shadow registry</li> </ul> </li> <li>● <b>User Management</b> <ul style="list-style-type: none"> <li>○ Develop a comprehensive user access control system ensuring security, role-based permissions and auditability</li> </ul> </li> </ul> <p><b>Key Metrics to Track</b></p> <ul style="list-style-type: none"> <li>● Completion of PRDs: % of PRDs (Project Registration Document) completed and signed off by stakeholders.</li> <li>● System Architecture Readiness: % of architecture elements built, documented and validated.</li> <li>● Data Pipeline Stability: Number of successful integrations and error-free transactions.</li> <li>● Blockchain Transactions: % of core functionalities supported by blockchain.</li> <li>● User Roles Defined: % of roles and permissions configured.</li> </ul>
<p><b>Phase II</b> – DMRV Solutions for Renewable Energy projects</p>	<p><b>Key Milestones</b></p> <ul style="list-style-type: none"> <li>● <b>Data Management System</b> <ul style="list-style-type: none"> <li>○ Development and launch of a centralized data platform that aggregates, processes and displays project-specific data for all relevant stakeholders.</li> </ul> </li> <li>● <b>Project Owner Views</b> <ul style="list-style-type: none"> <li>○ Creation of customized dashboards and reporting tools, offering real-time project data insights for project owners.</li> </ul> </li> <li>● <b>Consultant Views</b> <ul style="list-style-type: none"> <li>○ Design of dedicated consultant interfaces with functionalities that enable oversight, recommendations and performance monitoring.</li> </ul> </li> <li>● <b>Auditor Views</b> <ul style="list-style-type: none"> <li>○ Implementation of auditor-specific views that allow auditors to verify compliance, check data integrity and review project milestones.</li> </ul> </li> <li>● <b>Testing</b> <ul style="list-style-type: none"> <li>○ Conduct multiple rounds of user acceptance testing (UAT) to validate that all views and the data management system perform as expected under real-world scenarios.</li> </ul> </li> </ul> <p><b>Key Metrics to Track</b></p> <ul style="list-style-type: none"> <li>● Data Accuracy: % of accurate data ingested and processed in the data management system.</li> <li>● Dashboard Usability: Average user satisfaction score from project owners and consultants.</li> </ul>



Phase	Proposed area of expenditure
	<ul style="list-style-type: none"> <li>• Audit Completion Time: % reduction in time taken for auditors to complete their reviews using the system.</li> <li>• System Stability: Number of critical bugs identified during testing phases.</li> </ul>
<p><b>Phase III</b> – DMRV Solutions for cookstove projects</p>	<p><b>Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• <b>Feasibility Research</b> <ul style="list-style-type: none"> <li>○ Conduct in-depth research to assess the project’s scalability and suitability in a metered cookstove setting, including user requirements, regulatory considerations and data sources.</li> </ul> </li> <li>• <b>Change Discovery and Identification</b> <ul style="list-style-type: none"> <li>○ Identify necessary modifications and customizations to align the DMRV solution with the unique needs of cookstove projects, including emission factors and user types.</li> </ul> </li> <li>• <b>Development</b> <ul style="list-style-type: none"> <li>○ Develop and implement custom modules and features specifically for cookstove projects, ensuring compatibility with existing frameworks and regulations.</li> </ul> </li> <li>• <b>Testing</b> <ul style="list-style-type: none"> <li>○ Perform comprehensive system testing, focusing on data capture, accuracy and user interaction for all types of users involved in cookstove projects.</li> </ul> </li> </ul> <p><b>Key Metrics to Track:</b></p> <ul style="list-style-type: none"> <li>• Data Accuracy: % of accurate data ingested and processed in the data management system.</li> <li>• Dashboard Usability: Average user satisfaction score from project owners and consultants.</li> <li>• Audit Completion Time: % reduction in time taken for auditors to complete their reviews using the system.</li> <li>• System Stability: Number of critical bugs identified during testing phases.</li> </ul>
<p><b>Phase IV</b> – DMRV solutions for NBS (Nature Based Solutions) projects</p>	<p><b>Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• <b>Feasibility Research</b> <ul style="list-style-type: none"> <li>○ Analyze the potential to adapt the existing solution to NBS project requirements, focusing on data sources, regulatory needs and environmental outcomes.</li> </ul> </li> <li>• <b>Change Discovery and Identification</b> <ul style="list-style-type: none"> <li>○ Identify the critical adaptations needed to ensure compatibility with NBS projects, such as ecosystem-based monitoring and biodiversity tracking.</li> </ul> </li> <li>• <b>Development</b> <ul style="list-style-type: none"> <li>○ Develop customized features and workflows to cater to NBS project-specific data requirements and outcome measurements.</li> </ul> </li> <li>• <b>Testing</b> <ul style="list-style-type: none"> <li>○ Implement extensive functional and user testing, ensuring that the system can handle the complexities and scale of NBS projects.</li> </ul> </li> </ul> <p><b>Key Metrics to Track:</b></p> <ul style="list-style-type: none"> <li>• Data Accuracy: % of accurate data ingested and processed in the data management system.</li> </ul>

Phase	Proposed area of expenditure
	<ul style="list-style-type: none"> <li>• Dashboard Usability: Average user satisfaction score from project owners and consultants.</li> <li>• Audit Completion Time: % reduction in time taken for auditors to complete their reviews using the system.</li> <li>• System Stability: Number of critical bugs identified during testing phases.</li> </ul>
<b>Phase V – DMRV solutions for Waste Management &amp; Complex projects</b>	<p><b>Key Milestones:</b></p> <ul style="list-style-type: none"> <li>• <b>Feasibility Research</b> <ul style="list-style-type: none"> <li>○ Conduct research to evaluate the feasibility of implementing DMRV systems for waste management projects, considering regulatory frameworks, data sources (e.g., waste collection points, landfill emissions) and project scale</li> </ul> </li> <li>• <b>Custom Module Development</b> <ul style="list-style-type: none"> <li>○ Develop and implement custom modules for monitoring waste collection, sorting and disposal, ensuring they capture real-time data on emissions and recycling rates</li> </ul> </li> <li>• <b>Integration of Sensors and IoT Devices</b> <ul style="list-style-type: none"> <li>○ Deploy IoT devices and sensors to track real-time data on waste generation, transportation, processing and emissions (e.g., methane emissions from landfills)</li> </ul> </li> <li>• <b>Data Validation &amp; Reporting</b> <ul style="list-style-type: none"> <li>○ Establish data validation mechanisms to ensure the accuracy of the collected data and set up automated reporting systems to align with environmental regulations</li> </ul> </li> <li>• <b>Testing</b> <ul style="list-style-type: none"> <li>○ Conduct several rounds of user acceptance testing (UAT) and stress testing to ensure the DMRV system meets the operational needs of waste management facilities under varying load conditions</li> </ul> </li> </ul> <p><b>Key Metrics to Track:</b></p> <ul style="list-style-type: none"> <li>• Data Accuracy: % of accurate data captured on waste quantities, types and emissions</li> <li>• Sensor Reliability: % uptime and data transmission reliability of sensors and IoT devices</li> <li>• Waste Processing Efficiency: % improvement in waste sorting and recycling rates as tracked by the system</li> <li>• Audit Completion Time: % reduction in time taken for auditors to verify compliance with waste management regulations</li> <li>• System Stability: Number of critical bugs identified during testing phases</li> </ul>

The cost involved as mentioned above and related costs to be funded will be based on the actual requirements and management estimates. In case of any increase in the costs or incidental costs, the additional costs shall be paid by our Company from its internal accruals.

Our Promoters, Directors, Key Managerial Personnel and Senior Management do not have any interest in the entity from whom we have obtained quotation in relation to development, ownership and commercialization of proprietary DMRV intellectual property and solutions as mentioned above.

## 2. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] Lakhs towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds, in compliance with the

SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilize Net Proceeds include, but are not restricted to funding growth opportunities, strengthening marketing capabilities and brand building exercises, expenditure, including towards development / refurbishment / renovation of our assets, meeting ongoing general corporate contingencies, expenses incurred in ordinary course of business, meeting our working capital and business requirements, payment of lease liabilities, payment of commission and/or fees to consultants, acquisition of fixed assets, business development initiatives, any of the other Objects, other expenses including salaries, administration, insurance, repairs and maintenance, payment of taxes and duties and any other purpose, as may be approved by our Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of the Board, shall have the flexibility in utilizing surplus amounts, if any. In the event we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Financial Year, we will utilize such unutilized amount in the next Financial Year.

### **Offer related expenses**

The Offer expenses are estimated to be approximately ₹ [●] Lakhs. The Offer expenses comprises, among other things, listing fees, underwriting fee, selling commission and brokerage, fees payable to the Book Running Lead Manager, Legal Counsel, Registrar to the Offer, Banker(s) to the Offer, processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, fees payable to the Sponsor Banks for Bids made by UPI Bidders using UPI Mechanism, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

Except for (i) listing fees and stamp duty payable on issue of Equity Shares pursuant to Fresh Issue which shall be borne solely by our Company and (ii) the stamp duty payable on transfer of Offered Shares which shall be borne solely by the respective Selling Shareholders and our Company agree to share the costs and expenses (including all applicable taxes) directly attributable to the Offer (including fees and expenses of the Book Running Lead Manager, Legal Counsel and other intermediaries, advertising and marketing expenses (other than corporate advertisements expenses undertaken in the ordinary course of business by our Company), printing, underwriting commission, procurement commission (if any), brokerage and selling commission and payment of fees and charges to various regulators in relation to the Offer) in proportion to the number of Equity Shares issued and Allotted by our Company through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale, except as may be prescribed by the SEBI or any other regulatory authority. Our Company shall advance the cost and expenses of the Offer and our Company will be reimbursed by each of the Selling Shareholders for their respective proportion of such costs and expenses upon successful completion of the Offer. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, all costs and expenses with respect to the Offer which may have accrued up to the date of such postponement, withdrawal, abandonment or failure shall be borne by our Company and the Selling Shareholders in proportion to the number of Equity Shares our Company has agreed to issue and allot and the Selling Shareholders have agreed to sell in the Offer for Sale. Such payments, expenses and taxes, to be borne by each of the Selling Shareholders will be deducted from their respective proceeds from the sale of Offered Shares, directly from the Public Offer Account, in accordance with applicable law, in proportion to their respective Offered Shares.

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

Activity	Estimated expenses (₹ in Lakhs) <sup>(1)</sup>	As a % total estimated Offer related expenses <sup>(1)</sup>	As a % of the total Offer size <sup>(1)</sup>
BRLM fees and commissions (including any underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank(s) and Bankers to the Issue. Brokerage, underwriting commission and selling commission and bidding charges for members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(2) (3)</sup>	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Others	[●]	[●]	[●]
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Fee payable to legal counsel	[●]	[●]	[●]
- Advertising and marketing	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer related expenses</b>	[●]	[●]	[●]

(1) The Offer expenses will be incorporated in the Prospectus on finalization of the Offer Price. Offer expenses are estimates and are subject to change.

(2) Selling commission payable to members of the Syndicate, SCSBs, RTAs and CDPs on the amounts received against the Equity Shares Allotted (i.e. product of the Equity Shares Allotted and the Offer price) would be as follows:

a. Portion for Retail Individual Bidders – [●]% of the Amount Allotted (plus applicable taxes)

b. Portion for Non-Institutional Bidders – [●]% of the Amount Allotted (plus applicable taxes)

c. Portion for Eligible Employee – [●]% of the Amount Allotted (plus applicable taxes)

Further, bidding charges of ₹ [●] (plus applicable goods and services tax) shall be per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured by them. Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors, Eligible Employees and Non-Institutional Investors, which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable goods and services tax). In case the total processing charges payable exceeds ₹ [●] Lakhs, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ [●] Lakhs (Based on valid Bid cum Application Forms).

(3) Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes). In case the total processing charges payable exceeds ₹ [●] Lakhs, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ [●] Lakhs (Based on valid Bid cum Application Forms).

Processing fees for applications made by Retail Individual Investors Non-Institutional Investors and Eligible Employees using the UPI Mechanism would be as follows:

a. RTAs / CDPs/ Registered Brokers – ₹ [●] per valid Bid cum Application Form (plus applicable taxes)\*

b. Sponsor Bank – ₹ [●] per valid Bid cum Application Form (plus applicable taxes)

The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws

*\*In case the total processing charges payable under this head exceeds ₹ [●] Lakhs, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ [●] Lakhs*

## **Deployment of Funds and Sources of Funds**

As on date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the Objects of the Offer.

## **Interim use of Net Proceeds**

The Net Proceeds shall be retained in the Public Issue Account until receipt of the listing and trading approvals from the Stock Exchanges by our Company. Pending utilization of the Net Proceeds for the purposes described above, our Company undertakes to deposit the Net Proceeds only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, as may be approved by our Board or a duly constituted committee thereof.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

## **Bridge financing facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

## **Appraising Entity**

None of the Objects for which the Net Proceeds will be utilized require appraisal from, or have been appraised by, any bank/ financial institution/ any other agency, in accordance with applicable law.

## **Monitoring utilization of funds**

Our Company may be required to appoint a credit rating agency registered with SEBI as a monitoring agency to monitor the utilization of the Gross Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus with the RoC. For details in relation to the proposed utilization of the Net Proceeds, see “Objects of the Offer” on page 99. Our Audit Committee and the Monitoring Agency to be appointed will monitor the utilization of the Gross Proceeds (including in relation to the utilization of the Gross Proceeds towards the general corporate purposes) and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations on a quarterly basis, until such time as the Gross Proceeds have been utilized in full. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilization of the Gross Proceeds, including interim use under a separate head in its balance sheet for such Financial Year, as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Gross Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable Financial Years, provide details, if any, in relation to all such Gross Proceeds that have not been utilized, if any, of such unutilized Gross Proceeds.

Pursuant to Regulation 32(3) and Part C of Schedule II, of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Gross Proceeds. The Audit Committee shall review the report submitted by the Monitoring Agency and make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor of our Company. Furthermore, in accordance with

Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including deviations, if any, in the utilization of the Gross Proceeds of the Offer from the Objects as stated above. The information will also be published in newspapers simultaneously with the interim or annual financial results and an explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee. We will disclose the utilization of the Gross Proceeds under a separate head along with details in our balance sheet(s) until such time as the Gross Proceeds remain unutilized clearly specifying the purpose for which such Gross Proceeds have been utilized.

### **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the Objects unless our Company is authorized to do so by way of a special resolution passed in a general meeting of its Shareholders or through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution, shall specify the prescribed details and be published in accordance with the Companies Act, 2013. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the Objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and provisions of Regulation 59 and Schedule XX of the SEBI Regulations. For further details see, "Risk Factors 48– *"The objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders' approval."* on page 62

### **Other Confirmations**

Except to the extent of the proceeds received by the Selling Shareholders pursuant to the Offer for Sale, none of our Promoters, Promoter Group members, Directors, Key Managerial Personnel, Senior Management, Group Company or any other parties with whom we have entered, or will enter, into related party transactions, will receive any portion of the Offer Proceeds and there are no material existing or anticipated transactions in relation to utilization of the Offer Proceeds with our Promoters, Promoter Group members, Directors, Key Managerial Personnel, Senior Management, Group Company or any other parties with whom we have entered, or will enter, into related party transactions.

## BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company in consultation with the Book Running Lead Manager and on the basis of assessment of market demand for the Equity Shares of face value of ₹ 10 each issued through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value.

Bidders should read below mentioned information along with the “Risk Factors”, “Our Business”, “Financial Information” and “Management Discussion and Analysis of Financial Condition and Results of Operations” on pages 37, 183, 239 and 319, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are as follows:

- Accreditations and Registrations with several registries / standards
- Customer acquisition through organic lead generation
- Global client base across diversified industries
- Seasoned professionals having extensive industry experience
- Quality Assurance

For further details, see “Risk Factors” and “Our Business” beginning on pages 37 and 183, respectively.

### Quantitative Factors

The information presented in this section is derived from our Restated Consolidated Financial Statements. For details, see “Financial Information” on page 239. Investors should evaluate our Company and form their decisions taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Offer price are as follows:

#### 1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital.

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal 2024	8.11	8.11	3
Fiscal 2023	4.50	4.50	2
Fiscal 2022	0.54	0.54	1
<b>Weighted Average</b>	<b>5.64</b>	<b>5.64</b>	-
Period ended September 30, 2024*	2.28	2.25	-

\*Not annualized

#### Notes:

- a) As derived from the Restated Consolidated Financial Statement of our Company.
- b) Basic and Diluted Earnings per Share (₹) = Profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the period divided by the weighted average no. of equity shares of face value ₹ 10 each. The weighted average number of Equity Shares outstanding during the period is adjusted for bonus issue of Equity Shares.
- c) Basic EPS and diluted EPS calculations are in accordance with Indian Accounting Standard 33 ‘Earnings per Share’.
- d) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights, i.e. (EPS x weight) for each year divided by the total of weights.

#### 2. Price / Earning (P/E) Ratio in relation to Price band of ₹ [●] to ₹ [●] per Equity Share

Particulars	P/E at the lower end of the price band (no. of times) *	P/E at the higher end of the price band (no. of times) *
a) P/E ratio based on Basic EPS as at March 31, 2024	[●]	[●]
b) P/E ratio based on Diluted EPS as at March 31, 2024	[●]	[●]

\* To be updated at Prospectus stage.

### 3. Industry Price / Earning (P/E) Ratio

Since there are no listed companies in India engaged in a business that is similar to that of our Company, we have not provided an industry comparison in relation to our Company.

### 4. Return on Net Worth (RONW):

Year ended	RoNW (%)	Weight
Fiscal 2024	61.32%	3
Fiscal 2023	86.83%	2
Fiscal 2022	32.69%	1
<b>Weighted Average</b>	<b>65.05%</b>	-
Period ended September 30, 2024*	13.71%	

\*Not annualized

Notes:

- As derived from the Restated Consolidated Financial Statement of our Company.
- Return on Net worth is calculated as restated profit after tax divided by the net worth at the end of the relevant period.
- 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.

### 5. Net Asset Value (NAV) per Equity Share

Financial Year	Net Asset Value per equity shares
As of September 30, 2024	16.59
As of March 31, 2024	13.22
After Completion of the Offer	
- At the Floor Price	[●]
- At the Cap Price	[●]
Offer Price	[●]

Notes:

Net asset value per equity share is calculated as net worth as of the end of relevant period divided by the weighted average number of Equity shares outstanding during the period is adjusted for bonus issue of Equity shares. Net worth represents the aggregate value of equity share capital and other equity less NCI and are based on Restated Consolidated Financial Statement.

Bidders should read the above-mentioned information along with “Risk Factors”, “Our Business”, Management Discussion and Analysis of Financial Position and Results of Operations” and “Financial Information” on pages 37, 183 319 and 239, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “Risk Factors” and you may lose all or part of your investments.

### 6. Key financial and operational performance indicators (“KPIs”)

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals.

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 utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Offer Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

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 assess the overall financial performance of our Company



Lakhs)	and size of our business.
Total Revenue	Total Revenue is used to track the total revenue generated by the business including other income.
Operating EBITDA (₹ Lakhs)	Operating EBITDA provides information regarding the operational efficiency of the business.
Operating EBITDA Margin (%)	Operating EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax (₹ Lakhs)	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.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
Debt To Equity Ratio	Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage.
Interest Coverage Ratio	The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.
Return on Capital Employed	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Net Capital Turnover Ratio	This metric enables us to track the how effectively company is utilizing its working capital to generate revenue.
Revenue per employee (₹ in Lakhs)	This helps to track how much money is generated per employee
Mandate conversion ratio (for CVV)	This metric enables us to track how many proposals sent get converted into signed contracts
Number of projects undertaken (for CVV)	This is the number of projects that we have successfully submitted
Average contract value (₹ in Lakhs) (for CVV)	This metric helps to measure the average revenue we earn from each contract
Global client base	This is the number of clients we have served

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 17, 2024 and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this DRHP. Further, the KPIs herein have been certified by M/s. Jagdish Chand & Co., Chartered Accountants, by their certificate dated December 24, 2024.

### Financial KPI of our Company

Sr No.	Metric	As of and for the period ended September 30, 2024*	As of and for the Fiscal		
			2024	2023	2022
1	Revenue From operations (₹ in Lakhs)	2,189.13	4,679.34	3,239.29	1,011.17
2	Total Income (₹ in Lakhs)	2,197.48	4,717.71	3,254.67	1,012.67
3	Operating EBITDA (₹ in Lakhs)	856.17	2,691.06	1,379.04	200.07
4	Operating EBITDA Margin (%)	39.11%	57.51%	42.57%	19.79%
5	Profit/(loss) after tax for the year/ period (₹ in Lakhs)	542.68	1,933.60	1,073.58	128.20
6	Net profit Ratio/ Margin (%)	24.79%	41.32%	33.14%	12.68%
7	Return on Equity (ROE) (%)	13.71%	61.32%	86.83%	32.69%

8	Debt To Equity Ratio	0.00	0.00	0.04	0.26
9	Interest Coverage Ratio	48.58	48.17	146.85	13.39
10	ROCE (%)	19.03%	77.99%	85.95%	33.45%
11	Current Ratio	8.96	7.96	2.99	2.30
12	Net Capital Turnover Ratio	0.57	1.57	2.97	2.88

*\*Not annualized*

Notes:

- a) As certified by M/s. Jagdish Chand & Co., Chartered Accountants pursuant to their certificate dated December 24, 2024. The Audit committee in its resolution dated December 17, 2024 has confirmed that the Company has not disclosed any KPIs to any investors at any point of time during the three years preceding the date of this Draft Red Herring Prospectus other than as disclosed in this section.
- b) Revenue from Operations means the Revenue from Operations as appearing in the Restated Consolidated Financial Statements.
- c) Operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation less other income.
- d) Operating EBITDA Margin refers to Operating EBITDA during a given period as a percentage of Revenue from operations during that period.
- e) Net Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our Revenue from operations.
- f) Return on equity (RoE) is equal to profit for the period divided by the net worth and is expressed as a percentage.
- g) Debt to equity ratio is calculated by dividing the total debt (i.e., borrowings (current and non-current) by total equity (which includes issued capital and all other equity reserves).
- h) Interest Coverage Ratio measures our ability to make interest payments from available earnings and is calculated by dividing EBIT (Earnings before interest and taxes) by finance cost.
- i) RoCE (Return on Capital Employed) (%) is calculated as EBIT (Earnings before interest and taxes) divided by capital employed. Capital employed is calculated as net worth, total debt (i.e., borrowings (current and non-current) and lease liabilities (current and non-current).
- j) Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.
- k) Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).

See “Management Discussion and Analysis of Financial Position and Results of Operations” on page 319 for the reconciliation and the manner of calculation of our key financial performance indicators.

Further, set forth below are some of our key operational performance indicators as of and for the periods indicated which have been approved our Audit Committee pursuant to its resolution dated December 17, 2024.

### Operational KPIs for the Company

Sr No.	Metric	As of and for the period ended September 30, 2024*	As of and for the Fiscal		
			2024	2023	2022
1	Revenue per employee (₹ in Lakhs)	28.80	73.11	70.42	28.89
2	Mandate conversion ratio (for CVV)	46.69%	49.56%	47.28%	40.13%
3	Number of projects undertaken (for CVV)	104	219	169	60
4	Average contract value (₹ in Lakhs) (for CVV)	20.76	17.18	14.46	7.31
5	Global client base	132	132	100	89

*\*Not annualized*

Notes:

- a) Revenue per employee is calculated by dividing the total revenue by the total employee base
- b) Mandate conversion ratio is calculated by dividing the total number of signed contracts by the total number of proposals sent
- c) Average contract value is calculated by dividing the total value of the signed contracts by the total number of signed contracts

For further information in relation to historical use of such KPIs by our Company to monitor the operational and/or financial performance of our Company, “Our Business—Key Performance Indicators” on pages 187.

## 7. Comparison with listed industry peer:

There are no listed companies in India that are of comparable size, from the same industry and with similar business model as that of our Company. Accordingly, we have not provided an industry comparison in relation to our Company.

## 8. Weighted average cost of acquisition (“WACA”), floor price and cap price

- a) *Price per share of the Company based on primary issuances of Equity Shares or convertible securities (excluding issuance of Equity Shares under ESOS or pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-transaction capital before such transactions) in a single transaction or multiple transactions combined together over a span of rolling 30 days.*

There have been no primary issuances of Equity Shares or convertible securities (excluding issuance of Equity Shares under ESOS or pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-transaction capital before such transactions) in a single transaction or multiple transactions combined together over a span of rolling 30 days

- b) *Price per share of the Company based on secondary sale or acquisition of Equity Shares or convertible securities (excluding gifts) involving any of 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, during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-transaction capital before such transactions), in a single transaction or multiple transactions combined together over a span of rolling 30 days.*

Date of Transfer	Name of Transferor	Name of Transferee	No. of Securities*	Nature of Securities	Face value of Securities	Price of securities (₹)*	Nature of transaction	Nature of consideration	Total Consideration
November 27, 2023	Ashok Kumar Gautam	Dr. Kaviraj Singh	38,95,500	Equity Share	10	3.85	Transfer	Cash	150.00
<b>Weighted average cost of acquisition (WACA)</b>									<b>3.85</b>

\* Adjusted for (i) Bonus issue in the ratio of 317 bonus equity shares for every 1 existing Equity Share held pursuant to a resolution passed at the EGM held on January 8, 2024 and (ii) Bonus issue in the ratio of 3 bonus equity shares for every 2 existing Equity Share held pursuant to a resolution passed at the EGM held on July 9, 2024

Floor price and cap price being [●] times the weighted average cost of acquisition (WACA) based on primary/secondary transaction(s) as disclosed in terms of clause (a) and (b), shall be disclosed in the following manner:

Past Transactions	Weighted average cost of acquisition	Floor Price	Cap Price
	(₹)	₹[●] *	₹[●] *
WACA of Equity Shares that were issued by our Company	NA	[●]	[●]
WACA of Equity Shares that were acquired or sold by way of secondary transactions	3.85	[●]	[●]

*\*To be updated at Prospectus stage*

**c) Justification for Basis for Offer Price.**

Explanation for Offer Price / Cap Price being [●] price of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares along with our Company's key performance indicators and financial ratios for the period ended September 30, 2024, and the Fiscals 2024, 2023 and 2022.

[●]\*

*\*To be included upon finalization of Price Band*

**d) The Offer Price is [●] times of the Face Value of the Equity Shares.**

*The Offer Price of ₹ [●] has been determined by our Company, in consultation with the BRLM, on the basis of market demand from investors for Equity Shares, as determined through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "Risk Factors", "Our Business", "Management Discussion and Analysis of Financial Position and Results of Operations" and "Financial Information" on pages 37, 183, 319 and 239, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "Risk Factors" and you may lose all or part of your investments.*

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,  
The Board of Directors  
**Earthood Services Limited**  
(Formerly known as Earthood Services Private Limited)  
12003 To 12005, 12th Floor, Tower B,  
Emaar Digital Greens, Sector-61,  
Golf Course Extension Road,  
Gurgaon- 122011, Haryana, India.

Dear Sir(s):

**Sub: Statement of possible special tax benefits available to Earthood Services Limited (“the Company”) and its shareholders in accordance with the requirement under Schedule VI-A Part A – Clause (9)(L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) under direct tax and indirect tax laws (“Statement of Possible Special Tax Benefits”)**

---

We refer to the proposed initial public offering of the equity shares (the “Offer”) of the Company. We enclose herewith the statement in **Annexure A** showing the current position of possible special tax benefits available to the Company, to its shareholders and material subsidiary under the applicable tax laws presently in force in India and the UK, including direct and indirect tax laws presently in force in India, the Income Act, 1961 and Income tax Rules, 1962, as amended by the Finance Act, 2024 (hereinafter referred to as “**Income Tax Laws**”) the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy including the rules, regulations, circulars and notifications issued there under and other tax laws (collectively the “**Tax laws**”) relevant to the financial year 2024-25 and relevant to the assessment year 2025-26 presently in force in India and UK for inclusion in the Draft Red Herring Prospectus (“**DRHP**”) for the proposed initial public offering of equity shares of the Company, as required under SEBI ICDR Regulations.

Several of these benefits are dependent on the Company, its shareholders and material subsidiary fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company, its shareholders and material subsidiary to derive the stated possible special direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives that the Company or its shareholders may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfil.

With respect to the possible special tax benefits mentioned in the Annexure to this Statement in the case of the Material Subsidiary in the United Kingdom, the management of respective Material Subsidiary has engaged professional(s) / firm(s) specialising in tax laws (“tax specialist”) of the country of which such Material Subsidiary is tax resident to identify the special tax benefits. We have placed reliance on such statement of tax benefits issued by such tax specialists and our work relating to statement of possible special tax benefits available to the Material Subsidiary is solely based on such statement of special tax benefits issued by the tax specialists engaged by Material Subsidiary

The possible special tax benefits discussed in the enclosed annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company and on the basis of statement of tax benefit issued by the tax specialist(s) of the Material Subsidiary and on the basis of our understanding of the business activities and operations of the Company. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax

implications arising out of their participation in the proposed Offer. We are neither suggesting nor advising the investor to invest money based on this statement. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,' issued by the ICAI. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the ICAI which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI and in accordance with 'Guidance Note on Reports in Company Prospectuses' (Revised 2019). We hereby confirm that while providing this certificate we have complied with the above guidance notes.

We do not express any opinion or provide any assurance as to whether:

- i) the Company, its shareholders and material subsidiary will continue to obtain these possible special tax benefits in future; or
- ii) the conditions prescribed for availing the benefits have been/would be met with; and
- iii) the revenue authorities / courts will concur with the views expressed herein.

We hereby give consent to include this report and the statement of possible special tax benefits regarding the possible special tax benefits available to the Company and its shareholders enclosed in Annexure A in the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus which the Company intends to file in relation to the Offer and submission of this report, as may be necessary, to the Registrar of Companies, Delhi and Haryana at New Delhi, Stock Exchange(s), SEBI, or any other regulatory authority and for the records to be maintained by the Company, Book Running Lead Manager in connection with the Offer and in accordance with applicable law.

Terms capitalized and not defined herein shall have the same meaning as ascribed to them in the Offer Documents.

Yours sincerely,

For **Jagdish Chand & Co.**  
Chartered Accountants  
ICAI Firm Registration No.: **000129N**

**Pawan Kumar**  
Membership No: **511057**  
Place: Gurugram  
Date: December 23, 2024  
UDIN: 24511057BKFJTZ6273

## Annexure-A

### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND MATERIAL SUBSIDIARY

The information provided below sets out the possible special tax benefits available to Earthood Services Limited (“the Company”) and its Equity Shareholders and material subsidiary in a summary manner and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership, and disposal of Equity Shares of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company, its shareholders and material subsidiary will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investors is advised to consult his own tax consultant with respect to the tax implications arising out of their participation in the Offer of particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

### STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

#### A. Special tax benefits available to the Company

The Statement of possible tax benefits enumerated below is as per the Income Tax Act, 1961 (‘the Act’) as amended from time to time and as applicable for the financial year 2024-25 relevant to assessment year 2025-26. Except as mentioned herein, there are no possible special tax benefits available to the Company under Income Tax Act, 1961 read with the relevant Income Tax Rules, 1962, the Customs Tariff Act, 1975, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 and Goods and Services Tax (Compensation to States) Act, 2017 read with the relevant Central Goods and Services Tax Rules, 2017, Integrated Goods and Services Tax Rules, 2017, Union Territory Goods and Services Tax Rules, State Goods and Services Tax Rules, 2017 and notifications issued under these Acts and Rules and the foreign trade policy.

1. Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for a rate of 22% (plus applicable surcharge and education cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified deductions or set-off of losses, depreciation etc., and claiming depreciation determined in the prescribed manner. In case a company opts for section 115BAA, provisions of Minimum Alternate Tax would not be applicable and earlier year MAT credit will not be available for set-off. The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. Further, if the conditions mentioned in section 115BAA are not satisfied in any year, the option exercised shall become invalid in respect of such year and subsequent years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised. The company has opted for section 115BAA of the Income Tax Act, 1961.
2. The Section 80JJAA of the Income Tax Act, 1961, provides a special deduction to Indian companies for the employment of new workmen. This section is aimed at promoting employment generation by offering tax incentives to businesses that create new job opportunities.

The deduction is 30% of the additional employee cost (total emoluments paid or payable to additional employees employed during the previous year) incurred by the Company for three assessment years,

including the assessment year relevant to the previous year in which such employment is provided. For existing businesses, it means the increase in emoluments paid to employees over the emoluments (Employees whose total emoluments exceed INR 25,000 per month) paid in the preceding financial year. Conditions for Deduction are:

- The business must employ new regular workmen.
- The new employee should be employed for at least 240 days (150 days for apparel manufacturing and footwear industries) during the previous year.
- The employee should participate in the recognized provident fund. Employees for whom the entire contribution is paid by the government under the Employees' Pension Scheme notified in accordance with the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- Employees employed for less than the minimum number of days specified (240 days or 150 days as applicable).

#### **B. Special direct tax benefits available to the Shareholders**

3. Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above). Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.
4. Any dividend income received by the shareholders would be subject to tax deduction at source by the company under section 194 @ 10%. However, in case of individual shareholders, this would apply only if dividend income exceeds Rs 5,000. Further, dividend income is now taxable in the hands of the shareholders.
5. Section 111A of the Income Tax Act, 1961 provides for concessional rate of tax @ 20% in respect of short term capital gains (provided the short-term capital gains exceed the basic threshold limit of exemption, where applicable) arising from the transfer of a short-term capital asset (i.e. capital asset held for the period of less than 12 months) being an Equity Share in a company or a unit of an equity oriented fund wherein STT is paid on both acquisition and transfer. The above-mentioned rate of tax is applicable with effect from 23<sup>rd</sup> July 2024.
6. In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
7. Section 112A of the Income Tax Act, 1961 provides for concessional tax rate of 12.5% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,25,000) arising from the transfer of equity shares or units of an equity-oriented fund or shares / units and subject to fulfilment of other prescribed conditions (including Notification No.60/2018/F.No.370142/9/2017-TPL dated 1<sup>st</sup> October 2018). The above-mentioned rate of tax is applicable with effect from 23<sup>rd</sup> July 2024.

#### **C. Special Direct Tax Benefits to the Material Subsidiary**

There are no possible special tax benefits available to Earthood UK Limited. under the direct tax laws of UK.

#### **STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND MATERIAL SUBSIDIARY**

The Statement of possible tax benefits enumerated below is as per the Central Goods and Services Tax Act, 2017 ('CGST Act'), the Integrated Goods and Services Tax Act, 2017 ('IGST Act'), the Union Territory Goods and Services Tax Act, 2017 ('UTGST Act'), respective State Goods and Services Tax Act, 2017 ('SGST Act')



(All these legislations collectively referred to as ‘GST Legislation’), the Customs Act, 1962, the Customs Tariff Act, 1975 and Foreign Trade Policy (collectively referred to as “Indirect Tax”) as amended from time to time and as applicable for financial year 2024-25.

**A. Special tax benefits available to the Company under Indirect Tax laws**

No Special Tax Benefit is available to the company under Integrated Goods and Services Tax Act, 2017; Central Goods and Services Tax Act, 2017; State Goods and Services Tax Act, 2017.

**B. Special tax benefits available to the Material Subsidiary in the UK under UK Tax laws**

No Special Indirect Tax Benefit is available to the Earthood UK Limited under UK tax laws

**C. Special tax benefits available to the Shareholders under Indirect Tax Laws**

The Shareholders of the Company are not entitled to any special indirect tax benefits.

Notes:

1. *We have not considered the general tax benefits available to the Company or shareholders of the Company. The above Statement covers only certain possible special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This Statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.*
2. *The above is as per the Tax Laws as on date.*
3. *The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of Equity Shares.*
4. *This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income –tax consequences that apply to them.*
5. *This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.*
6. *No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.*
7. *This Statement does not consider general tax benefits available to the Company, its Shareholders and material subsidiary.*

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from the report titled “Assessment of ESG Advisory Services and Carbon Markets” dated December 2024 (“CRISIL Report”) that has been prepared and issued by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited, and which has been exclusively commissioned and paid for by our Company for an agreed fee, exclusively for the purpose of the Issue. CRISIL Limited is not in any way related to our Company, our Directors, our Promoters, our Key Managerial Personnel, our Senior Management or the BRLM. Unless specified otherwise, all information in this section has been derived from CRISIL Report. CRISIL Market Intelligence & Analytics has prepared the CRISIL Report in an independent and objective manner and it has taken reasonable care to ensure its accuracy and completeness. A copy of the CRISIL Report is available on the website of our Company at <https://www.earthood.in/investor>. The data may have been re-classified by us for the purposes of presentation. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information financial information used herein is based solely on the audited financials of the Company and other peers. The recipient should not construe any of the contents in CRISIL Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Restated Consolidated Financial Statements” and related notes beginning on page 37 and 239, respectively of this Draft Red Herring Prospectus.*

#### **Overview of the Global Carbon Market:**

##### **Global macroeconomic assessment**

##### **Global economy shows resilience amid uncertainty**

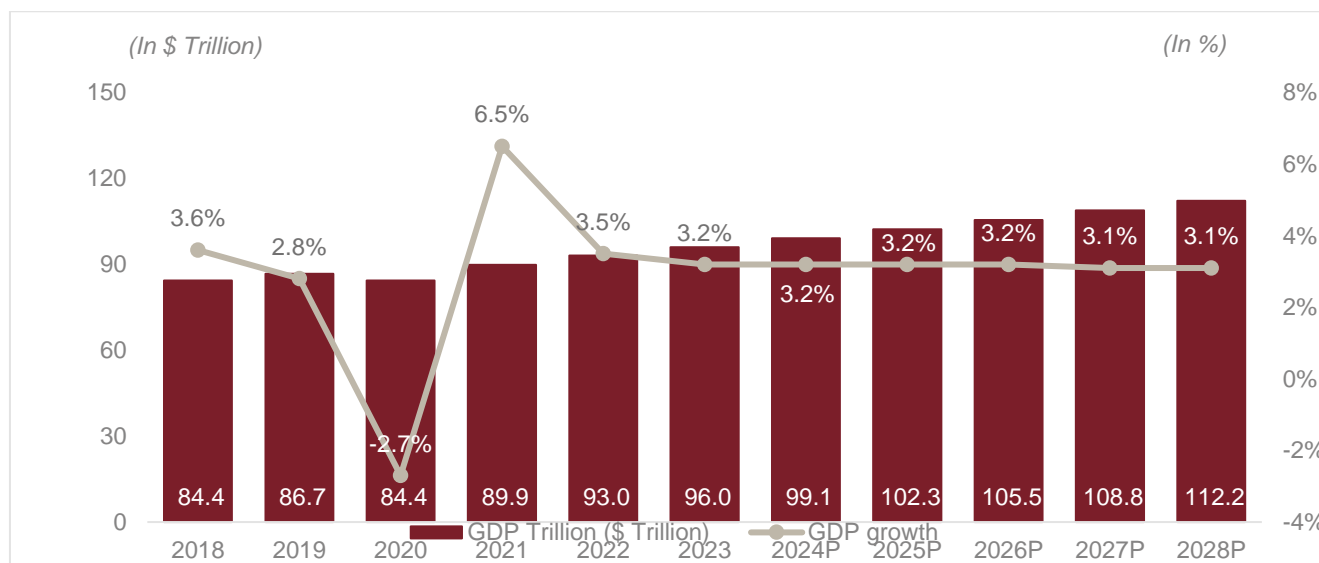
The world economy is still growing steadily and maintaining its target inflation rate, demonstrating its remarkable resilience. Global growth has sustained amid supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine and the conflict between Israel and Hamas in the Middle East – further complicated by Houthi missile attacks on ships in the Red Sea, that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronized monetary policy tightening. Yet, the world avoided a recession, the banking system proved largely resilient, and major emerging market economies did not suffer sudden stops. Over the last two years, growth in employment and incomes has held steady as favourable demand and supply developments have supported major economies, despite rising central bank interest rates aimed at restoring price stability.

##### **Global GDP is estimated to grow at 3.2% in 2024 and 2025 amid moderating inflation and steady growth in key economies**

As per the International Monetary Fund’s (IMF) April 2024 update, global gross domestic product (GDP) growth is estimated at 3.2% for 2023 and projected to grow at the same rate in 2024, 2025 and 2026. The latest estimate for 2024 is 0.1 percentage points higher compared with IMF’s previous forecast in January 2024, mainly due to greater-than-expected resilience in the United States (US) and several large emerging markets and developing economies, as well as fiscal support in China. Emerging market and developing economies are also expected to experience stable growth through 2024 and 2025, with regional differences.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. Amid favourable global supply developments, inflation has been falling faster than expected. On the upside, faster disinflation could lead to further easing of financial conditions. On the downside, new commodity price spikes from geopolitical shocks and supply disruptions or more persistent

underlying inflation could prolong tight monetary conditions. Property sector distress in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also lead to moderation in growth in the near term.



**Figure 1 Global GDP trend and outlook (2018-2028P, \$ trillion)**

Note: P: Projection

Source: IMF economic database, CRISIL Market Intelligence and Analytics (MI&A) Research

### Advanced economies to recover ground

For advanced economies, IMF projects growth to rise from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. In the United States, growth is projected to increase to 2.7 percent in 2024, before slowing to 1.9 percent in 2025, as gradual fiscal tightening and a softening in labour markets slow aggregate demand.

IMF projects growth in the euro area to recover from its low rate of an estimated 0.4% in 2023, which reflected relatively high exposure to the war in Ukraine, to 0.8% in 2024 and 1.5% in 2025. Stronger household consumption, as the effects of the shock to energy prices subside and a fall in inflation supports growth in real income, is expected to drive the recovery. The pace of recovery is revised downward by 0.3 percentage point for Germany for both 2024 and 2025 amid persistently weak consumer sentiment, although this adjustment is largely offset by upgrades for several smaller economies, including Belgium and Portugal.

Among other advanced economies, IMF projects growth in the United Kingdom to rise from an estimated 0.1% in 2023 to 0.5% in 2024, as the lagged negative effects of high energy prices wane, then to 1.5 percent in 2025, as disinflation allows financial conditions to ease and real incomes to recover. In Japan, output is projected to slow from an estimated 1.9% in 2023 to 0.9% in 2024 and 1% in 2025, owing to fading of one-off factors that supported growth in 2023, including a surge in inbound tourism.

### Growth in emerging market and developing economies to hold stable

In emerging market and developing economies, IMF projects growth to be stable at 4.2% in 2024 and 2025, with a moderation in emerging and developing Asia offset mainly by rising growth for economies in the Middle East and Central Asia and for sub-Saharan Africa. Low-income developing countries are expected to experience gradually increasing growth, from 4.0% in 2023 to 4.7% in 2024 and 5.2% in 2025, as some constraints on near-term growth ease.

As per IMF, growth in emerging and developing Asia is expected to fall from an estimated 5.6% in 2023 to 5.2% in 2024 and 4.9% in 2025. Growth in China is projected to slow from 5.2% in 2023 to 4.6% in 2024 and 4.1% in 2025 as the positive effects of one-off factors—including the post pandemic boost to consumption and

fiscal stimulus—ease and weakness in the property sector persists. Growth in India is projected to remain strong at 6.8% in 2024 and 6.5% in 2025, with the robustness reflecting continuing strength in domestic demand and a rising working-age population.

**Table 1 Real GDP growth comparison among India vs Advanced and emerging economies**

Real GDP growth (Annual % change)	2018	2019	2020	2021	2022	2023	2024 P	2025 P	2026 P	2027 P	2028 P
Australia	2.8	1.8	-2.1	5.6	3.8	2.1	1.5	2.0	2.1	2.2	2.2
Canada	2.7	1.9	-5.0	5.3	3.8	1.1	1.2	2.3	1.9	1.7	1.7
China	6.8	6.0	2.2	8.4	3.0	5.2	4.6	4.1	3.8	3.6	3.4
European Union	2.3	2.0	-5.5	6.1	3.6	0.6	1.1	1.8	1.7	1.6	1.6
India*	6.5	3.9	-5.8	9.8*	7.0*	7.6*	6.8*	6.5	6.5	6.5	6.5
UK	1.4	1.6	-10.4	8.7	4.3	0.1	0.5	1.5	1.7	1.7	1.6
USA	3.0	2.5	-2.2	5.8	1.9	2.5	2.7	1.9	2.0	2.1	2.1
Middle East (Region)	1.6	0.5	-3.0	4.3	6.0	1.4	2.5	4.4	3.6	3.4	3.0
Advanced economies	2.3	1.8	-3.9	5.7	2.6	1.6	1.7	1.8	1.8	1.7	1.7
Emerging market and developing economies	4.7	3.6	-1.8	7.0	4.1	4.3	4.2	4.2	4.1	4.0	3.9
World	3.6	2.8	-2.7	6.5	3.5	3.2	3.2	3.2	3.2	3.1	3.1

Note: P: Projected. \* Numbers for India are for financial year (2020 is FY21 and so on) and as per the IMF's forecast. ^India GDP estimate for the FY24 is 7.6% according to advanced estimate from MoSPI. Note: Projection as per IMF update

Source: IMF economic database, World Bank national accounts data, OECD national accounts data, CRISIL MI&A

## Climate change to significantly shape the global economy

Climate change has potential to do significant economic harm and poses worrying tail risks. It is a global externality—one country's emissions affect all countries by adding to the stock of heat-warming gases in the earth's atmosphere from which warming arises. Recent studies suggest that the amount of planetary heating already in the pipeline because of a century of pumping greenhouse gases into the atmosphere will make global income 19% lower by 2049 than it would have been without global warming. This income loss will be driven mainly by rising temperatures, which will affect agriculture, public health, productivity and more.

The process of climate change is set to have a significant economic impact on many countries, with many lower income countries being particularly at risk. Macroeconomic policies in these countries will need to be calibrated to accommodate more frequent weather shocks, including by building policy space to respond to shocks. Infrastructure will need to be upgraded to enhance economic resilience. Elsewhere, climate change can entail significant risks to macro financial stability.

## Macroeconomic overview of India

### Review of India's GDP growth

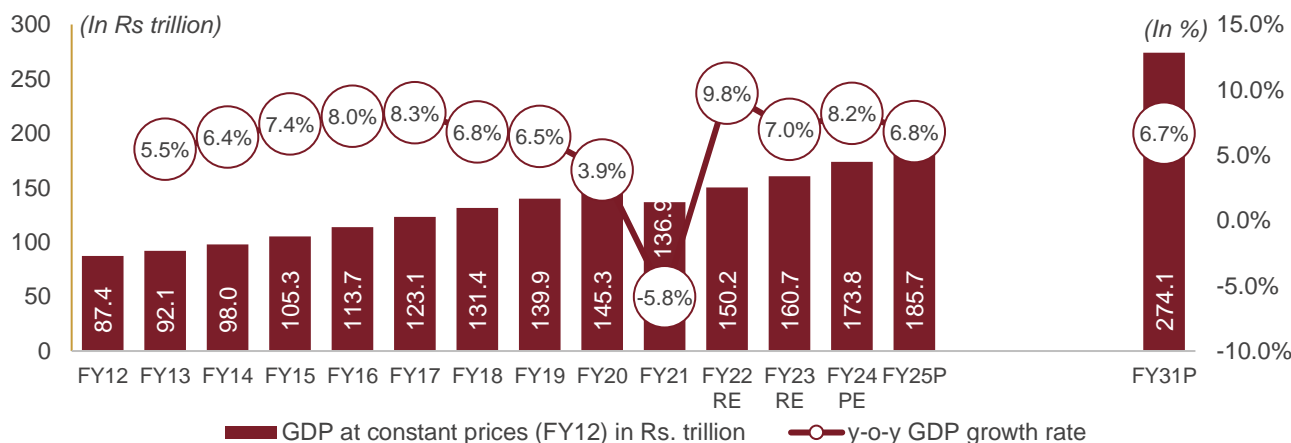
#### India GDP grew at 5.8% CAGR between FY12 and FY24

India's GDP grew at 5.8% compounded annual growth rate (CAGR) between FY12 and FY24 to Rs 172.9 trillion in FY24. A large part of the lower growth rate was because of challenges heaped by the Covid-19 pandemic in FY20 and FY21. In FY22, the economy recovered with abating of the pandemic and subsequent easing of restrictions and resumption in economic activity.

In FY23, GDP rose 7% on continued strong growth momentum, propelled by investments and private consumption. In fact, the share of investments in GDP rose to an 11-year high of 34.0% and that of private consumption to an 18-year high of 58.5%.

For FY24, the National Statistics Office (NSO) revised its estimate for India’s real GDP growth to 8.2% (which is the provisional estimate) from 7.6% in its second advance estimates (SAE). GVA growth was also revised up to 7.2% from 6.9%. Growth in FY24 was primarily driven by fixed investments on the demand side and industry on the supply side. Even as the agricultural economy slowed sharply following a weak monsoon, the surge in non-agricultural economy has more than made up for it. The government’s investment push, along with easing input cost pressures for industry, has also played a major role in shoring up growth. However, services have been slowing owing to waning pent-up demand (post the pandemic), with the exception of financial, real estate and professional services, which has powered ahead on the back of robust growth in banking and real estate sectors.

Analyses of the FY24 year's growth reveal notable dichotomies. Growth has primarily been fueled by fixed investments, exhibiting a robust expansion, while private consumption growth lagged the overall GDP growth. On the supply side, the industry sector experienced the most substantial growth, while the agriculture and services sectors exhibited more modest growth rates. These trends underscore the varied performance across sectors, highlighting the nuanced dynamics shaping India's economic landscape in FY24.



**Figure 2 India real GDP growth at constant prices (new series)**

RE – revised estimates, PE – provisional estimates, P – projection

Notes: The values are reported by the government under various stages of estimates

Actuals, estimates and projected data of GDP are provided in the bar graph

Source: Provisional estimates of national income 2022-2023 and quarterly estimates of GDP for the fourth quarter of FY 2023, Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MoSPI), CRISIL MI&A Consulting

### CRISIL forecasts India’s GDP to grow 6.8% in FY25

After a strong GDP print in the past three fiscals, CRISIL expects GDP growth to moderate in FY25 as fiscal consolidation will reduce the fiscal impulse to growth, rising borrowing costs and increased regulatory measures could weigh on demand, net tax impact on GDP is expected to normalize, and exports could be impacted due to uneven growth in key trade partners and any escalation of the Red Sea crisis. On the other hand, another spell of normal monsoon and easing inflation could revive rural demand.

At an overall level, India’s real GDP is expected to be 6.8% in FY25. This slower growth rate vs. FY24 will be because of slowing global growth, impact of rising interest rates, waning of pent-up demand for services and increasing geopolitical uncertainty. Still, the manufacturing sector, investments and domestic demand will remain resilient. With the government focus on fiscal consolidation, investments, a key factor that boosts

growth, are expected to moderate. The extent of revival in private investment cycle will determine the investment momentum this fiscal.

The other segment, urban demand, could moderate as credit conditions tighten this year. Transmission of past rate hikes to broader lending rates remains incomplete. As the wait for rate cuts from the Reserve Bank of India (RBI) prolongs, the transmission is expected to continue, raising the borrowing costs. In addition, the RBI's regulatory measures to clamp down on risky lending will weigh on credit support to consumption.

That said, the forecast of an above-normal monsoon brings hope for the rural economy, which was a laggard in the country's growth story last year. The consequent possible easing in food inflation could also boost purchasing power and support consumption. However, the distribution of monsoon will be determining factor. Freak weather events, such as heatwave and unseasonal rains, remain a risk.

CRISIL MI&A expects a normalisation of the net indirect tax impact on GDP. After strong growth in the last fiscal.

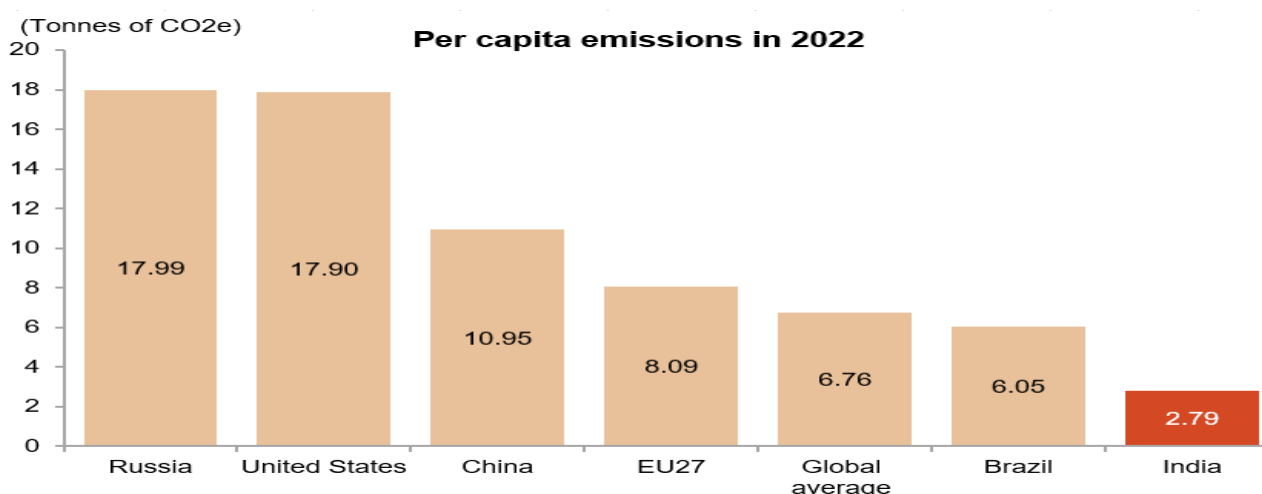
### India's development-decarbonisation balance

India's development-decarbonisation balance points to a gradual progress to net zero. There is no single road to decarbonisation. Given the spiralling economic and social costs of climate change, multiple energy transition pathways are emerging globally. Each country looks at energy transition from the vantage point of its economy, its strengths and weaknesses. Energy transition refers to the global energy sector's shift from fossil fuel-based systems of producing and consuming energy - including oil, coal and natural gas - to renewable energy sources such as wind, solar and nuclear. The key aim is to reduce energy-related greenhouse gas emissions through various approaches to decarbonisation.

### India is the third largest emitter, but 136th in per capita emission

India has the unwelcome distinction of being the third largest emitter of GHG globally, after China and the United States (US). Its aggregate GHG emissions more than doubled between 2000 and 2022, when it emitted ~3,900 million tonne of carbon dioxide equivalent (CO<sub>2</sub>e), as per the European Commission's EDGAR (Emissions Database for Global Atmospheric Research). Emissions from China and the US were 3.9 and 1.6 times, respectively, that of India's in the same year.

However, the story changes on per capita basis, where India is one of the least polluting major country, trailing many advanced and emerging market economies. According to EDGAR data, India ranked 136th out of 208 countries in terms of per capita GHG emissions in 2022. It emitted ~2.8 tonne CO<sub>2</sub>e per capita while the corresponding number for the US and the European Union (EU) was ~18 and ~8, respectively.



### Figure 3 India's per capita emissions are among the lowest

Source: EDGAR (Emissions Database for Global Atmospheric Research) Community GHG Database - a collaboration between the European Commission, Joint Research Centre (JRC) and the International Energy Agency (IEA), and comprising IEA-EDGAR CO<sub>2</sub>, EDGAR CH<sub>4</sub>, EDGAR N<sub>2</sub>O, EDGAR F-GASES version 8.0, (2023) European Commission; CRISIL

Furthermore, since its industrialisation began later, India's contribution to global historical CO<sub>2</sub> emissions in the 1850-2021 period is only ~4%, according to the United Nations Environment Programme, compared with 19% and 13% from the US and EU27, respectively. That said, per capita emissions in advanced countries such as the US and the EU27 are now declining, while India's are continuing to rise. To put this in perspective, United States had figures close to India's current level of per capita emissions in the late 1860s-early 1870s. In China, the corresponding figures were in the late 1980s/ 1990s, just before its economic growth accelerated upon accession to the World Trade Organisation.

### Energy sector fuels more than 75% of India's emissions

India's aggregate emissions, much like per capita emissions, are continuing to rise, led by emissions from its power sector. Interestingly, the agriculture sector is next, followed by the industrial sector.

A detailed disaggregation of India's GHG emissions (excluding land use, land change and forestry), data for which is available till 2019, revealed the following:

- ❖ Energy-related emissions represented more than 75% of aggregate GHG emissions in 2019, driven by the high reliance on coal for power. Within this, emissions from energy industries (electricity, refineries and solid fuel manufacturing) accounted for more than half (~56%)
- ❖ Emissions from agriculture represented ~13% of aggregate GHG emissions in the year, within which enteric fermentation (release of methane by ruminant animals) represented more than half (~53%) of the emissions
- ❖ Emissions from industrial processes and product use represented ~8% of aggregate GHG emissions. Within this, the mineral industry accounted for more than half (~60%)

### The path towards net-zero and the financing gap

Given the above imperative, India's energy-mix strategies include a greater shift towards cleaner energy alternatives (solar, wind, biomass, etc.), increased manufacturing capacities (for instance, photovoltaic modules or solar panels, low carbon bio-based products, etc.), energy use efficiency (in various sectors viz. industry, buildings, transportation, etc.) and a policy push for hydrogen (given its immense potential in acting as a long duration storage of renewable energy) including production-linked incentives.

#### **Panchamrit: India's energy transition plan**

Following are government's short- and long-term energy transition milestones under the *Panchamrit action plan* (five-pronged target). These are part of India's Nationally Determined Contributions (NDCs) at the United Nations Framework Convention on Climate Change (UNFCCC) in 2022:

1. Reaching a non-fossil fuel energy capacity of 500 GW by 2030, i.e., ~50% if the installed capacity, up from 43.9% at November-end
2. Fulfilling at least half of its energy requirements via renewable energy by 2030
3. Reducing CO<sub>2</sub> emissions by 1 billion tonne by 2030, through additional forest and tree cover
4. Reducing carbon emission intensity of the GDP below 45% (from 2005 levels) by 2030 (it was down by 33% from 2005 levels already by 2019)
5. Finally pave the way for achieving a net-zero emission target by 2070

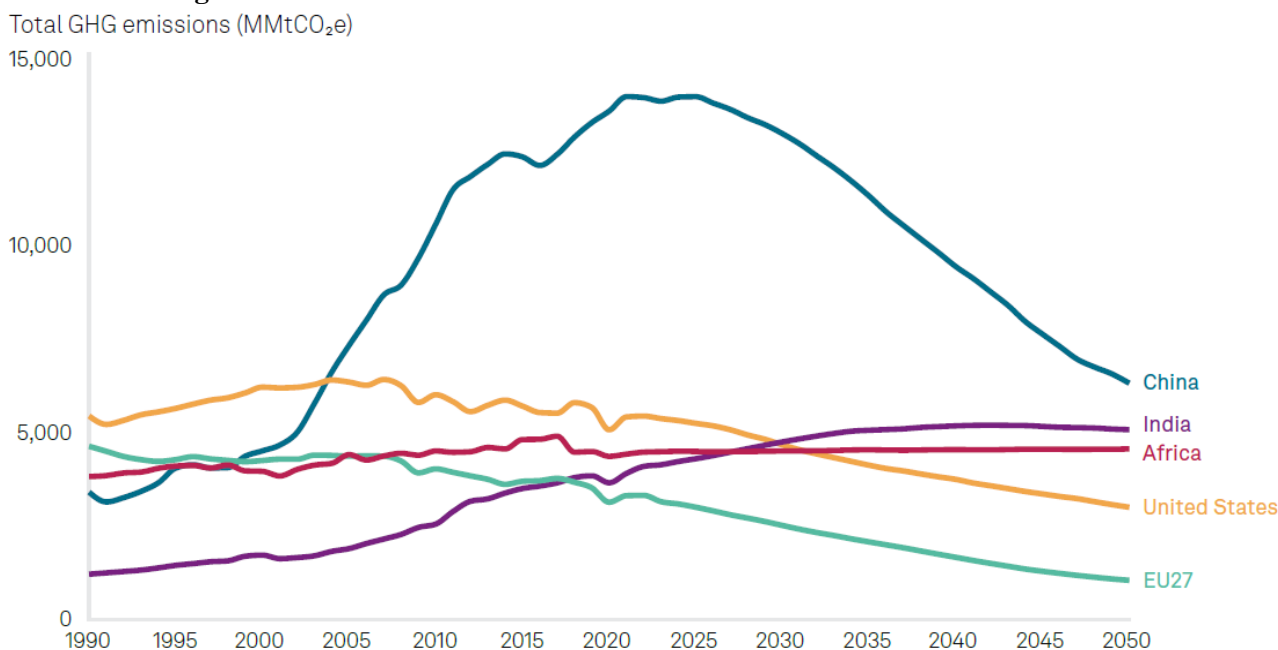
The transition towards clean energy will require large sums of money, be it setting up physical infrastructure for renewable sources of energy such as solar or wind, or efforts required towards greening of the industrial

and transportation sector. According to the International Energy Agency, 2022, \$160 billion per year would be required between now and 2030 for India to reach net-zero by 2070. The magnitude of this requirement can be understood when viewed against the fact that India's latest full budget (for fiscal 2024) had allocated only Rs 35,000 crore (~\$4.4 billion) towards energy transition.

Global south is focused on a "just energy transition" which takes a more holistic approach taking account their stage of development and associated challenges. The Just Transition Declaration agreed at the UN Climate Change Conference in Scotland (COP26), recognises the need to ensure no one is left behind in the transition particularly those working in sectors, cities and regions reliant on carbon-intensive industries and production.

India's transition path will be slower than other large economies. According to S&P Global, while emissions in the US have peaked around 2020 and have been declining since, emissions in China are likely to peak around 2025 and then decline rapidly.

### India's absolute greenhouse emissions to increase at least till 2050



As of February 2024.  
MMtCO<sub>2</sub>e = million metric tons of CO<sub>2</sub> equivalent.  
Source: S&P Global Commodity Insights.  
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**Figure 4 India's absolute greenhouse emissions trajectory**

### Overview of the Global Carbon Market:

#### Understanding Green House Gases (GHGs), Climate Change and the 1.5-degree concern

The earth receives heat from the Sun in form of Solar radiation. While a portion of this solar radiation reflects into the space, some is absorbed by the planet, maintaining a comfortable temperature range for lives on the planet to thrive. This heat is absorbed by the gases present in the atmosphere. These gases that absorb heat are termed Green House Gases (GHGs) and the phenomenon of trapping heat is called the greenhouse gas effect. These gases include carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O) and fluorinated gases like Hydrofluorocarbons (HFCs), perfluorinated chemicals (PFCs), and Sulphur hexafluoride (SF<sub>6</sub>). These gases act like blankets, trapping heat. Different greenhouse gases have varying capacities to absorb and emit radiation which contributes to global warming. Global Warming Potential (GWP) is a metric used to compare the ability of different greenhouse gases to trap heat in the atmosphere.



Human activities, particularly the burning of fossil fuels for energy, have significantly increased the concentration of these greenhouse gases in the atmosphere. This disruption in the balance of greenhouse gas effect causes more heat to be trapped in the atmosphere leading to rising global temperatures and climate change. This has focused the attention of the stakeholders on atmospheric concentrations of greenhouse gases.

The international body, Intergovernmental Panel on Climate Change (IPCC), established by United Nations Environment Program (UNEP) and World Meteorological Organization (WMO), plays a key role in assessing the science related to climate change. The IPCC, in its assessment, began exploring the mitigation and stabilization scenarios. These scenarios look at the atmospheric CO<sub>2</sub> concentration needed to stabilize the temperature at various levels above pre-industrial times. Emissions scenarios have always been a crucial part of IPCC reports.

The scientific community, through the Intergovernmental Panel on Climate Change (IPCC), has identified in the IPCC sixth assessment report, that limiting global warming to 1.5 degree Celsius above pre-industrial levels as critical to avoiding the most devastating consequences of climate change. These consequences may include intensified weather extremes like severe heatwaves, droughts, floods, etc., sea level rise, mass extinction and bio-diversity loss, food, and water security risk, etc.

Researchers have established a correlation between atmospheric CO<sub>2</sub> concentration and the temperature changes. Carbon budget is a concept used by climate policymakers to help set emissions reduction targets in a fair and effective way. Carbon budgets link the rate of emissions to the additional rise in temperature and can offer a stepped approach to reaching climate targets. It examines the maximum amount of cumulative net global anthropogenic carbon dioxide (CO<sub>2</sub>) emissions that would result in limiting global warming to a given level.

As the research from scientific community revealed a limited window for global CO<sub>2</sub> emission to stay within safer level of temperature increase, policymakers sought ways to incentivize the significant reductions in greenhouse gas emissions. One of the pathways identified to stay within carbon budget is pricing carbon emissions.

The concept of Carbon pricing, and consequently carbon markets, emerged in response to the growing scientific consensus on the dangers of climate change. One of the tools for combating climate change is putting a price on carbon emissions. By putting a price on carbon emissions to account for the negative externalities, it creates an incentive for market forces to move economies away from burning fossil fuels.

### **Kyoto Protocol and Emissions Trading**

The Kyoto Protocol, adopted in 1997, operationalizes the United Nations Framework Convention on Climate Change (UNFCCC) by committing industrialized countries and economies in transition to limit and reduce greenhouse gases (GHG) emissions in accordance with agreed individual targets.

The protocol had one important element, the establishment of flexible market mechanisms, which were based on the trade of emissions permits. Under the Protocol, countries were required to meet their targets primarily through national measures. However, the Protocol also offered them additional means to meet their targets through market-based mechanisms including Clean Development Mechanism (CDM). It was the first global, environmental investment and credit scheme of its kind, providing a standardized emissions offset instrument, Certified Emission Reduction (CERs) units.

### **Paris Agreement Crediting Mechanism**

Article 6 of the Paris agreement can be seen as a successor to the Kyoto protocol's Clean Development Mechanism (CDM) with a broader scope of international cooperation, improved governance, and transparency. It sets out how countries can pursue voluntary cooperation to reach their climate targets. It enables international cooperation to tackle climate change and unlock financial support for developing countries. The carbon crediting mechanism under the Paris Agreement allows countries to raise climate ambition and implement national action plans more affordably. It identifies and encourages opportunities for verifiable emission reductions, attracts funding to implement them, and allows cooperation among countries and other groups to conduct and benefit from these activities.

Through this mechanism a company in one country can reduce emissions in that country and have those reductions credited, so that it can sell them to another company in another country. That second company may use them to comply with its own emission reduction obligations or to help it meet net-zero targets.

The Paris Agreement Crediting Mechanism is also seen as a source of climate finance for developing nations, with a share of proceeds going towards adaptation funding to build resilience to the inevitable impacts of climate change.

Each country that is party to the Paris Agreement, a landmark international agreement adopted in 2015, outlines its climate action plan within its Nationally Determined Contributions (NDCs). These plans typically include emission reduction targets, adaptation strategies, and sustainable development plans.

### **Carbon pricing Instruments**

Carbon pricing seeks to align the costs of consuming carbon-intensive fuels or using carbon-intensive processes with the social costs of those activities. It is implemented to reduce GHG emissions by providing a price signal closely linked to actual emissions. It provides economic incentive for the changes needed in investment, production, and consumption patterns, and to induce technological advancements. Policymakers use carbon pricing as a policy tool to decarbonize economies. The carbon pricing instruments are categorized as “compliance/regulatory” instruments or “voluntary carbon crediting” mechanisms. Entities regulated by Cap-and-Trade (CaT) or Carbon Taxes are mandated to financially account for the emissions produced from business activities. Participation in voluntary carbon crediting on the other hand is optional, with participants earning “credits” in recognition of quantified and verified emissions reductions or removals.

**Carbon tax** is a tax levied on the carbon emissions from producing goods and services. Carbon taxes are intended to make visible the hidden social costs of carbon emissions. They are designed to reduce greenhouse gas emissions by essentially increasing the price of producing goods hence incentivizing to reduce GHG emissions.

In some regulatory carbon markets, governments or regions set a cap on total emissions and distribute tradable permits (allowances) within that limit. These permits represent the right to emit one ton of CO<sub>2</sub> or equivalent GHGs. This mechanism of pricing carbon is referred to as **Cap-and-Trade mechanism**. Several Emission trading schemes (ETs) and other national and sub-national government trading mechanisms employ this method to incentivize the entities to reduce their emissions. Globally, there are currently 75 carbon pricing instruments in operation, comprising 36 emission trading systems and 39 carbon taxes. Furthermore, an additional 22 emission trading system (ETS) are in various stages of consideration and development. This proliferation is particularly noticeable in parts of the world which are home to key emerging economies, like Mexico and Brazil in Latin America and China, India and Indonesia in the Asia-Pacific region. Entities covered by the scheme must hold enough allowances to cover their emissions or acquire them through trading.

An instrument is considered "under development" when a government has officially confirmed that it is actively working on implementing a crediting mechanism, even if no credits have been issued yet. This can include situations where a mandate has been established, but the process is still ongoing. On the other hand, if a government has publicly stated its intention to explore the implementation of a crediting mechanism, and this intention is formally confirmed by official government sources, the instrument is considered "under consideration".

**Carbon Offsets** are a specific type of carbon allowances/ credits used for voluntary emissions compensation. These credits are generated through projects that reduce, avoid, or remove emissions. The projects can range from renewable energy installations to afforestation programs. Individuals or organizations can purchase these credits to neutralize/ offset their carbon footprint by supporting emission reduction projects elsewhere. Carbon offsets can help companies achieve carbon neutrality, demonstrate environmental responsibility, and meet sustainability goals. They can also provide financial support for climate projects in developing countries.

### **Carbon Markets – Tool for combating climate Change**

Carbon markets enable governments and non-state actors to trade greenhouse gas emission credits. The aim is to achieve climate targets and implement climate actions cost effectively. A carbon market is a system that

allows entities to trade carbon emissions. It provides a platform for buying and selling carbon credits, which represent the right to emit a specific amount of carbon dioxide or other greenhouse gases. These markets function as platforms for trading units representing verified greenhouse gas (GHG) emissions reductions or removals, typically measured in tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e). Carbon credits are traded on specialized exchanges and over-the-counter markets, allowing companies to acquire the credits they need to meet their emissions targets. Emerging Carbon pricing regulations in the carbon market incentivize companies to reduce their environmental footprint and invest in carbon-neutral or low-carbon technologies.

### Regulatory and Voluntary Carbon Market

As carbon pricing gained momentum, a clear distinction emerged between two main types of carbon markets:

**Regulatory Carbon Markets:** Governments establish regulatory carbon markets to control emissions within their jurisdiction. They typically employ cap-and-trade systems, where a limit (cap) is set on total emissions, and companies can buy and sell permits (credits) to stay under the cap. This system allows for flexibility in achieving emissions reduction goals while providing a market-based solution.

**Voluntary Carbon Markets:** Voluntary carbon markets operate outside government regulations. They allow companies and individuals to offset their carbon footprint by purchasing carbon credits from verified projects. These markets provide a platform for corporations and individuals to take climate action beyond regulatory requirements. These operate outside of government regulations. Companies participating in these markets choose to voluntarily compensate for their emission footprint by purchasing equivalent offset credits.

### Understanding Carbon Credit markets

Companies worldwide are facing growing pressure to reduce their emissions and set their Net-Zero targets. This pressure is pushing them to invest in offsetting the emissions and therefore relying on high-quality, independently verified carbon credits.

Carbon credits are units that are generated through implemented mitigation activities that result in reducing the GHG emissions over and above the baseline. Carbon credits can also represent emission removals from the atmosphere, such as sequestering carbon through afforestation or directly capturing carbon from the air and storing it. Each carbon credit represents one ton of carbon dioxide equivalents (CO<sub>2</sub>e) reduced or removed.

As the demand for carbon credits soars, so does the demand for rigorous verification and certification.

Supply of carbon credits is delivered by three main categories of crediting mechanisms:



**International crediting mechanisms** – International crediting mechanisms are those administered or managed by an international organization like the United Nations Framework Convention on Climate Change (UNFCCC). This category includes, for example, mechanisms established under the Kyoto Protocol (including CDM) and Article 6 of the Paris Agreement.

**Governmental crediting mechanisms** – Governmental crediting mechanisms, under the Regulatory Carbon Market (RCM), are those programs established and administered by an individual national and sub-national governments. They operate within a specific county or region and may cater to domestic emission reduction goals or compliance with local regulations such as the European Union Emission Trading Scheme (EU ETS), China’s national ETS, Californian Compliance Offset Program and the Australian Carbon Credit Unit (ACCU) Scheme.

**Independent crediting mechanisms** – Independent crediting mechanisms, under the Voluntary Carbon Market (VCM), include those that are not directly affiliated with any specific government or international

treaty. They are administered by independent, nongovernmental organizations that develop their own methodologies and standards for verifying emission reductions, such as Verra and Gold Standard.

Carbon credits are retired once the benefit has been claimed for voluntary or compliance purposes. Demand for credits can stem from a range of drivers:

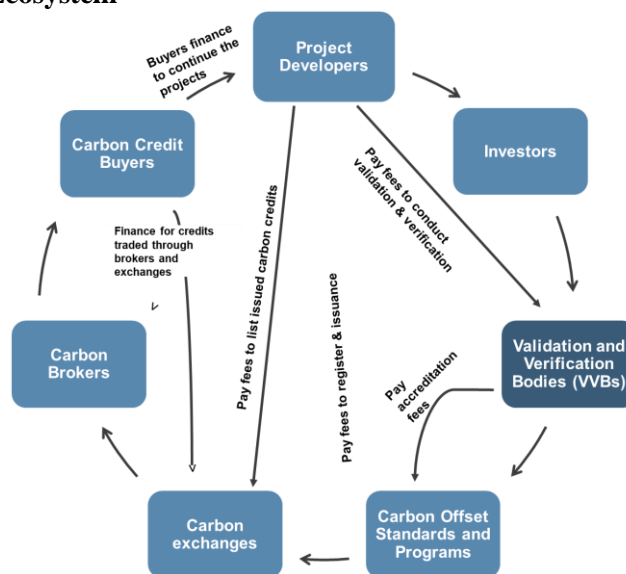
1. **International compliance:** This primarily consists of (i) countries purchasing/utilizing credits or “mitigation outcomes” recognized under international treaties to help meet their GHG mitigation commitments; and (ii) airlines purchasing credits eligible for meeting their obligations under CORSIA.
2. **Domestic compliance:** This includes companies purchasing credits that are eligible for meeting their obligations under domestic law, usually an Emission trading scheme (ETS) or a carbon tax. These may include credits issued under international, governmental, or independent crediting mechanisms, depending on the rules established by respective governments.
3. **Voluntary:** This consists of (mostly private) entities purchasing carbon credits for the purpose of complying with voluntary mitigation commitments. This buyer group primarily sources credits issued under independent crediting standards, though some entities also purchase those issued under international or governmental crediting mechanisms.

**Table 2 Comparing Different Carbon Market**

**Key players of Carbon Credit Ecosystem**

The carbon market is a complex ecosystem with a diverse range of actors contributing to the financing, development, verification and trading of carbon credits by the end users. Each player in this value chain plays a crucial role in ensuring the integrity, growth, and effectiveness of the market. Voluntary Carbon Market (VCM) starts the moment a project developer (e.g., company, farm, individual or organization) plans, implements, registers carbon credits, and obtains certification of carbon dioxide avoidance, reduction, or removal. To obtain a verification, a project developer is required to apply and comply with standards, methodologies, processes, and rules, approved by standards, and verify and validate their project through third-party auditors or Validation and Verification Bodies (VVBs). Projects can be developed in different areas such as Community based (improved cookstoves, water purifiers and solar lights), Nature based (Forestry, Agriculture, and Wetlands), Energy, Construction, Waste, Livestock and manure management, Industrial Processing, Transport and Mining etc.

**Figure 5 Carbon Credit Ecosystem**



Source: CRISIL MI&A

**Project Developers:**

Project developers identify, design, and implement emissions reduction projects that generate carbon credits. They are responsible for developing the concept, securing necessary permits and approvals, and managing the project's implementation. Project developers ensure that their projects meet the requirements of recognized carbon standards, comply with relevant regulations, and deliver verifiable emissions reductions. They also secure funding for project development and implementation, often through partnerships with investors.

Renewable energy developers, sustainable forestry initiatives, carbon capture and storage (CCS) projects, energy efficiency projects, and waste management facilities are some key examples of Project Developers.

**Investors:**

Investors provide funding for project development and the issuance of carbon credits. They play a critical role in enabling the implementation of emissions reduction projects. Investors are seeking projects that offer a strong return on investment, along with positive environmental impact. They assess the project's technical feasibility, financial viability, and the quality of the carbon credits generated. Emerging trends in sustainable investing are driving increased interest in carbon credit projects. Investors include Venture capitalists, private equity firms, impact investors, pension funds, and institutional investors.

**Validation and Verification Bodies (VVBs):**

Independent third-party validation and verification bodies (VVBs) are crucial for ensuring the credibility and integrity of carbon markets. They verify the emissions reductions achieved by projects, in accordance with the carbon offset standards, ensuring that the carbon credits issued represent real and measurable emissions reductions.

VVBs adhere to strict standards and protocols to maintain the credibility of the verification process. They are responsible for conducting rigorous assessments, collecting data, and evaluating project performance against established criteria. Accreditation of VVBs by organizations like ANSI – ANAB, GAB, VCS, CCBA, etc. further enhances the credibility of the verification process.

**Carbon Exchanges & Brokers:**

Carbon exchanges and brokers facilitate trading and market liquidity. They provide a platform for buying and selling carbon credits, connecting buyers and sellers, and creating a liquid market for emissions reduction efforts. Exchanges and brokers ensure transparency, fair pricing, and efficient trading processes. They play a crucial role in ensuring the smooth functioning of the market and facilitating the allocation of emissions reduction efforts. Specialized exchanges like the Carbon Trade Exchange (CTX) and the AirCarbon Exchange (ACX), as well as independent brokers, are some key players.

**Credit Buyers:**

Companies, individuals, and organizations purchase carbon credits to offset their emissions. These buyers can range from large multinational corporations to small businesses in various industries, including energy, transportation, manufacturing, and finance, and also individuals who seek to reduce their carbon footprint.

**Regulatory Carbon Market (RCM)**

Policymakers around the world consider regulatory an essential tool combating climate change. The regulatory market, also known as compliance carbon markets, aims to establish a carbon price by laws or regulations which control the supply of allowances that are then distributed by national, regional, and global regimes. This can be accomplished through either a carbon tax or a cap-and-trade scheme, shifting economic incentives by making it more expensive to pollute. Carbon pricing shifts investment towards greener alternatives and encourages technological innovation; and revenues from auctioning can be used to fund research, development, and deployment of emerging technologies, to help decarbonize sectors across the economy. There are several instruments functional in the form of either Carbon Tax or Emission Trading Systems (ETs) or other governmental crediting mechanisms that price carbon.

Regulatory carbon markets rely heavily on government leadership and action to function effectively. Governments determine which sectors or activities fall under the market's purview. The cornerstone of a regulatory market is the overall cap on total emissions. This cap establishes a clear target for collective

emission reduction within the covered sectors. The stringency of the cap directly influences the market price of carbon and the level of emission reduction achieved.

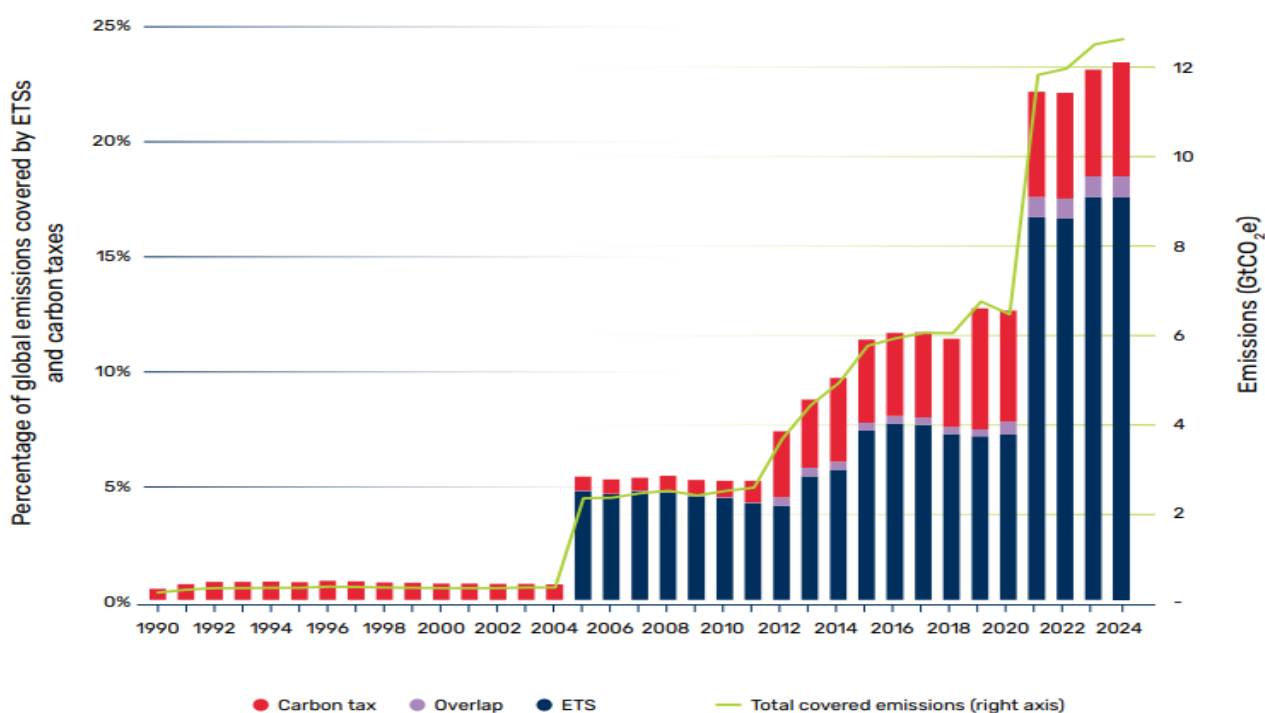
Governments also decide how emissions permits (allowances) are initially distributed to companies. Some allocation methods include Free allocation, Auctioning, and Output-based allocations (emission allowances according to their historical emissions in a base year or base period or according to performance indicators).

### Total revenues from carbon taxes and ETSS

The number of emissions trading systems around the world is increasing. Besides the EU emissions trading system (EU ETS), national or sub-national systems are already operating or under development in Canada, China, Japan, New Zealand, South Korea, Switzerland, and the United States. Carbon markets have grown rapidly in recent years.

As of April 1, 2024, ETSS and carbon taxes in operation covered almost 13 gigatons of carbon dioxide equivalent, around 24% of global GHG emissions. Total revenues from carbon taxes and ETSS in 2023 was USD 104 billion.

**Figure 6 Global GHG emissions covered under RCM (ETSS and carbon taxes)**



Source: World Bank

*Inference: As of April 2024, ETSS and carbon taxes in operation covered almost 13 gigatons of carbon dioxide equivalent, around 24% of global GHG emissions.*

Governments are increasingly using multiple carbon pricing instruments in parallel to increase coverage and ambition and to deliver greater flexibility. Carbon Credit markets have seen mixed movements. Governments, particularly in middle-income countries, are increasingly including crediting frameworks in their policy mix, with a view to supporting both compliance and voluntary markets. Compliance demand is building but voluntary demand continues to dominate.

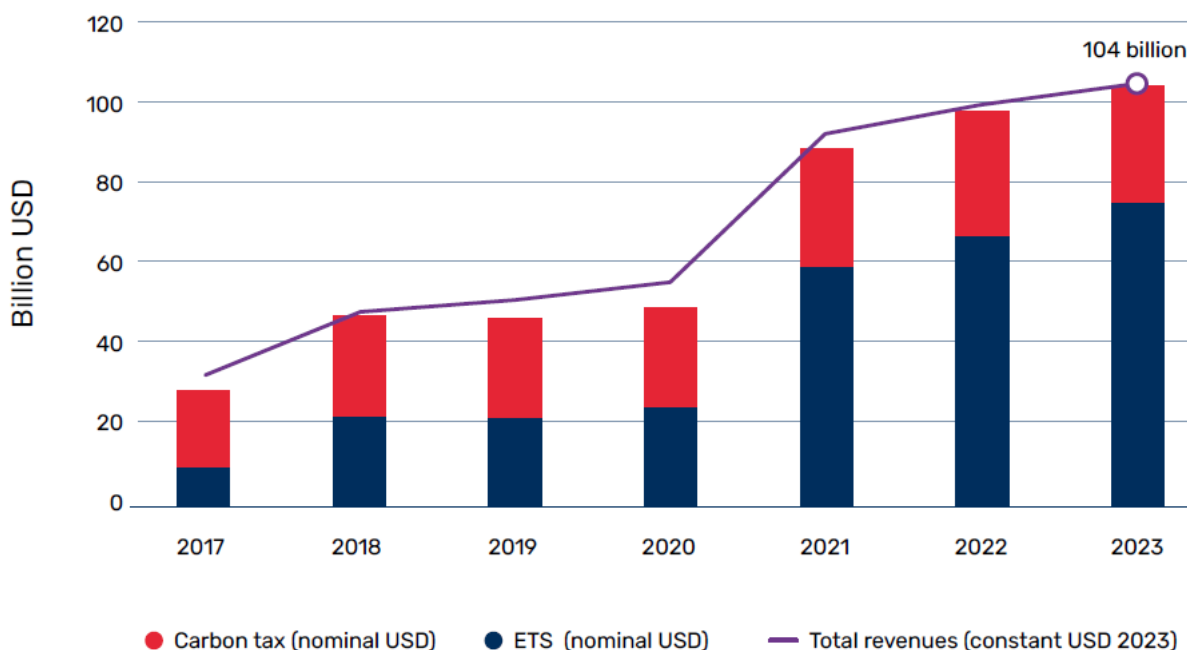
Between 2022 and 2023, several new carbon pricing mechanisms have been introduced worldwide. The number of carbon taxes and ETSs now stands at 75 globally. Middle-income countries and subnational governments are increasingly considering and implementing carbon taxes and ETSs. Besides making regular efforts to combat the climate change, governments are exploring opportunities to cover nontraditional sectors like maritime transport and waste, implementing multiple carbon pricing instruments in parallel to increase the coverage of global GHGs regulated under the pricing instrument.

The design and development of new ETS is giving rise to a generation of hybrid and innovative systems, sometimes deviating from the traditional cap-and-trade blueprint. This shift showcases the adaptability of emissions trading to diverse challenges and opportunities specific to geographical, economic, and political contexts. This new wave of ETSs also incorporates fresh design elements, blending various carbon pricing instruments as seen in Indonesia’s “cap-tax-and-trade system” or mixing compliance and voluntary features, as seen in Japan and India, where voluntary systems are implemented as a first step towards the development of compliance ETSs over time.

### Revenue Trend from Carbon Pricing

Relatively high price levels in several systems, coupled with an increasing use of auctioning as an allocation method, resulted in yet another record year for the collection of auctioning revenues. Revenues from carbon pricing continued to increase in 2023, exceeding the threshold of USD 100 billion for the first time. Total revenues from carbon taxes and ETSs in 2023 was USD 104 billion, representing an increase of around 4% in real terms.

**Figure 7 Evolution of global revenues from RCM over time**



Source: World Bank

This trend is expected to continue and expand in coming years, as ETS revenues are set to play a key role in compensating for the distributional impacts of the carbon price and in maintaining public support for ETSs.

## **Voluntary Carbon Market (VCM)**

The voluntary carbon market (VCM) allows companies, individuals, or institutions to purchase carbon offsets optionally at their own will, without government-mandated regulations. Entities may choose to invest in a variety of projects and programs aimed at reducing or removing GHG or obtain offset credits to voluntarily offset emissions and demonstrate commitment to the environment, to help mitigate climate change, or to reach climate goals. Each offset credit traded in the voluntary market represents one ton of carbon dioxide equivalents (CO<sub>2</sub>e) and is generated by projects, public policies, or programs that are monitored and validated at each stage before being verified by carbon standards in a jurisdiction for certification.

As both markets continue to evolve, stronger Voluntary Carbon Markets today can set the stage for robust compliance markets tomorrow. Trustworthy Voluntary Carbon Markets provides companies with the opportunity to use them to meet their voluntary climate commitments. These markets serve as a bridge to further decarbonization as companies make the transitions to low-carbon energy sources, greening supply chains and transportation fleets and investing in energy efficiency. Voluntary Carbon Markets also provide a platform space for innovation and testing of approaches that can guide design and implementation of future programs in compliance markets.

The voluntary carbon markets function alongside compliance schemes and enable companies, governments, non-profit organizations, universities, municipalities, and individuals to purchase carbon credits (offsets) on a voluntary basis. Currently, the majority of VCCs are purchased by the private sector, where corporate social responsibility goals and sustainability goals are typically the key drivers.

### **Carbon Registries and Standards, enabling voluntary credit trade**

Carbon offset registries and standards play a pivotal role in the fight against global warming by providing a structured framework for tracking, verifying, and trading carbon credits. Carbon market accountability, credibility, and transparency are all ensured through carbon offset registries and standards. They enable trade, standardize measurements, confirm emissions reductions, and stop double counting.

Carbon offset registries and standards are platforms or databases that keep track of and verify the carbon credits produced by projects that reduce emissions. They maintain the validity and transparency of these credits, avoiding double counting, and facilitating effective trading in the carbon market. A trustworthy mechanism for tracking and confirming emissions reductions is provided through registries, which are essential in tracking the lifecycle of carbon credits from their creation to retirement.

These registries monitor credit ownership, assigning each credit a unique serial number. This information is made publicly accessible through a ledger. When a credit is purchased by an entity to offset their emissions, the registry takes swift action by retiring that credit on the ledger, ensuring it cannot be acquired by another party.

### **Major Registries in the Voluntary Carbon Offset Market**

#### **Verified Carbon Standard (VCS) by Verra**

The Verified Carbon Standard (VCS) Program run by the non-profit Verra registry. VCS projects implement a wide variety of activities that reduce or remove greenhouse gas emissions, improve livelihoods, and protect nature. Projects are categorized by their sectoral scope, ranging from waste handling and disposal projects (such as biochar projects) to land use projects (such as improved forest management projects). All projects developed in the Program undergo a mandatory, rigorous assessment process. Certified projects issue Verified Carbon Units (VCUs), where one VCU is equal to one metric ton of carbon dioxide reduced or removed from the atmosphere. Up until the end of 2023, Verra maintains a portfolio with over 1,800 certified projects (VCUs issued: 1,243,043,468, VCUs retired: 712,597,287), contributing to a cumulative reduction or removal of over 920 million tons of greenhouse gas (GHG) emissions. This standard emphasizes projects which not only contribute to GHG reduction but also demonstrate commitments regarding social and environmental sustainability.



## Gold Standard (GS)

The Gold Standard (GS) is a voluntary carbon offset program focused on progressing the United Nation's Sustainable Development Goals (SDGs) and ensuring that projects benefit their neighboring communities. The GS can be applied to voluntary offset projects and to Clean Development Mechanism (CDM) projects. It was developed under the leadership of the World Wildlife Fund (WWF), HELIO International, and SouthSouthNorth, with a focus on offset projects that provide lasting social, economic, and environmental benefits. Not only does this standard indicate carbon emission reductions; but it also emphasizes UN Sustainable Development Goals (SDGs). So far, a total of 335,017,098 credits have been issued and 173,606,461 credits have been retired under this standard.

## Carbon Action Reserve (CAR)

The Climate Action Reserve was launched in 2008. It is a USA based voluntary offsets program whose projects are implemented within North America. The Climate Action Reserve (CAR) establishes standards for quantifying and verifying GHG emissions reduction projects, provides oversight to independent third-party verification bodies, and issues and tracks carbon credits, called Climate Reserve Tonnes (CRTs).

## American Carbon Registry (ACR)

The American Carbon Registry (ACR), a nonprofit enterprise of Winrock International, was founded in 1996 as the first private voluntary greenhouse gas registry in the world. The American Carbon Registry Standard outlines the eligibility requirements for registration of project-based carbon offsets and includes requirements for methodology approval, project validation and verification, and other procedural requirements and information on the general use of the American Carbon Registry.

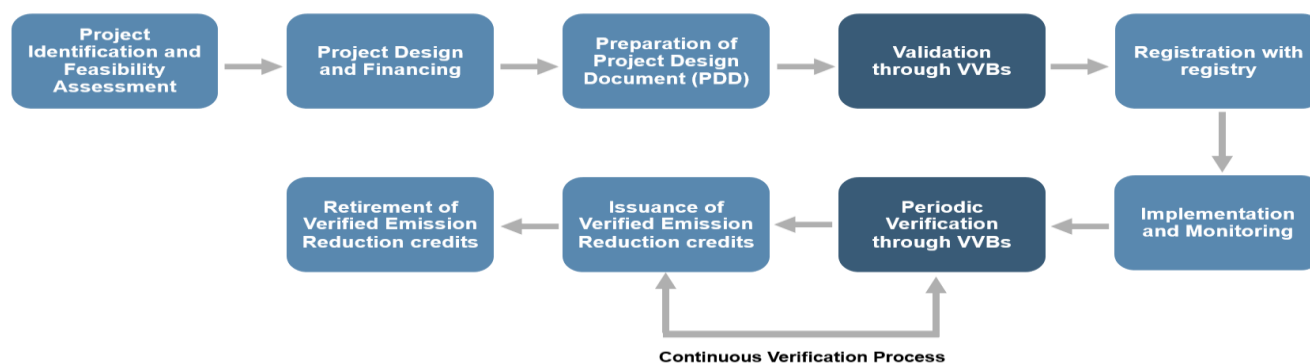
## Global Carbon Council (GCC)

The Global Carbon Council (GCC) is the first international carbon credit and sustainable development program, based in the Global South. It was established (as Global Carbon Trust) by the Gulf Organization for Research and Development (GORD) in 2016. The GCC Program claims to contribute to a more sustainable and low-carbon future, by registering high-quality projects from around the world that have demonstrated their additionality in the reduction or removal of greenhouse gases (GHG) emissions, while ensuring that project construction and operations do not cause any net-harm to the environment and society.

## Project Identification, Verification, and Certification

The lifecycle of a carbon offset is a crucial process with each step playing a vital role in ensuring the integrity and credibility of the offset program. It ensures that the project has the potential to generate real, measurable, and additional emission reductions. Carbon offset programs create a robust system with checks and balances. This discourages greenwashing and fosters trust in the market. This also enhances buyers' confidence that the offset they purchase represents legitimate and verifiable emission reductions, contributing to real climate action.

**Figure 8 Carbon Offset Lifecycle**



Source: CRISIL MI&A

## **Project Identification and Feasibility Assessment**

Project developers identify projects that reduce, avoid, or remove emissions. These developers conduct in-depth research, collect data, and analyze the project's potential to meet carbon standards. This involves assessing the project's potential for emissions reductions, its environmental impact, and its feasibility in terms of technical, financial, and regulatory requirements. These projects can range from renewable energy projects to sustainable forestry initiatives. The projects must adhere to specific methodologies and standards to ensure the environmental integrity and credibility of the generated carbon credits.

## **Project design, financing, and preparation of PDD**

Project developers prepare a PDD that comprehensively describes the project, its activities, emissions reduction methodology, monitoring and verification procedures, and anticipated outcomes. This document serves as the foundation for validating the project's carbon credit generation potential. They also develop a financial plan to secure funding from investors or other sources.

## **Validation through VVBs:**

Independent third-party bodies or validation and verification bodies (VVBs) verify the project's emission reductions or removals according to established standards. They review the PDD and assess the project's design, methodology, and monitoring plan. They confirm the project's potential for generating verified emissions reductions. This validation process ensures the accuracy and legitimacy of the carbon credits.

## **Project Registration with Carbon Registries:**

Project developers submit the validated PDD to a carbon registry, such as Verra, Gold Standard, or the American Carbon Registry (ACR). The registry reviews the project's documentation and, if approved, assigns a unique project identifier. These standards set rigorous criteria for project eligibility and verification for ensuring the project's adherence to quality standards and facilitating the issuance of carbon credits.

## **Implementation and Monitoring:**

Project developers implement the project according to the validated design document, collect data on project activities and emissions reductions, and maintain records to ensure compliance with the carbon standard's monitoring requirements.

## **Periodic Verification through VVBs:**

Independent auditors or VVBs conduct on-site audits to verify the project's activities, monitor data, and evaluate its performance against the defined methodology. This process ensures the ongoing integrity of the project and the legitimacy of the generated carbon credits.

## **Issuance and Trading of Carbon Credits:**

Once verified, the project generates carbon credits, representing the quantified emissions impact of the project activities. The number of credits issued corresponds to the verified amount of CO<sub>2</sub> reduced or removed. Certified carbon credits are issued and traded on carbon markets. These markets provide liquidity and facilitate the transfer of credits between buyers and sellers.

## **Retirement or Trading:**

Credits can be retired by the project developer, essentially removing them from circulation and permanently offsetting emissions. Alternatively, credits can be sold on a carbon market platform. Registries like Verra, Gold Standards, American Carbon Registry, and Carbon Action Reserve facilitate the trading of credits by enhancing confidence and trust of buyers through their established standards and methodologies and by maintaining registry to track all the projects operating under respective standards, including number of credits issued, who

bought and retired them, and other relevant information. This transparency helps buyers and sellers to understand the market and makes it easier to trade credits.

### **India's Engagement with pricing carbon and environmental markets**

India is planning to leverage the growing opportunity in national and global carbon markets to support its climate goals. While India does not have an explicit carbon market, it has instruments that closely resemble carbon markets, in the form of Perform, Achieve, and Trade (PAT) and Renewable Energy Certificates (REC). These are two major market-based approaches in play in India to regulate energy consumption and transition to cleaner energy, facilitated by the Ministry of Power. India also has vast experience in the international carbon trading platform, the Clean Development Mechanism (CDM), which has been implemented by the Ministry of Environment, Forest, and Climate Change (MoEFCC). Going forward, India is building on these experiences to develop its domestic carbon market.

### **Obligation to Purchase Renewable Energy**

India has set a target to reduce the carbon intensity of the nation's economy by less than 45% by the end of the decade and to achieve 50 percent cumulative electric power installed by 2030 from renewables and achieve net-zero carbon emissions by 2070. India also aims for 500 GW of renewable energy installed capacity by 2030.

Policy support and regulatory measures to incentivize both demand and supply have been a key driver of the rapid growth in the renewable energy sector. One such regulatory measure is in the form of renewable purchase obligation. Renewable Purchase Obligations (RPO) require obligated entities to purchase a minimum percentage of electricity from renewable energy (RE) sources. Obligations under RPO are mandated by the Electricity Act (2003).

Due to the variable nature of renewables, it becomes difficult for some entities to meet these requirements set by RPO. It is here that the concept of renewable energy certificates (RECs) assumes significance.

RECs are 'green tradeable certificates' that represent the environmental attributes of power generated from RE but not the actual power itself. RECs allow the obligated entities to meet their RPO without actual procurement of RE-generated power. They can be purchased on the national energy exchanges such as Indian Energy Exchange (IEX) and Power Exchange of India Limited (PXIL) by the obligated entities like discoms to meet their RPO targets. Purchase of RECs for voluntary reasons also takes place, but volumes are negligible.

### **Perform, Achieve and Trade**

Perform Achieve and Trade (PAT) scheme is a flagship program of Bureau of Energy Efficiency (BEE) under the National Mission for Enhanced Energy Efficiency (NMEEE). NMEEE is one of the eight national missions under the National Action Plan on Climate Change (NAPCC) launched by the Government of India in the year 2008.

The PAT Scheme is a regulatory instrument to reduce the specific energy consumption in energy intensive industries. PAT is a completely market-based mechanism, focused primarily on enhancing the energy efficiency of large energy intensive sectors through accelerated adoption of efficient and low-carbon technologies. Sectors included in PAT are Aluminum, Cement, Fertilizer, Pulp & Paper, Thermal power plant, Chlor-Alkali, Iron & Steel, Textile, Railways, Petroleum Refinery, Petrochemicals, Distribution Companies (DISCOMs), Hotels (under commercial buildings).

As per PAT rules, elected designated consumers (DCs) are given mandatory energy intensity targets over a specified period based on their relative energy intensity performance in their sector. When a DC overachieves the notified Specific Energy Consumption (SEC) targets in compliance year, the ESCerts are to be issued by Central Government for the difference of quantity between notified target and achieved SEC. The DCs with SEC higher in compliance year than the notified target is directed to purchase ESCerts equivalent to quantum of shortfall.

PAT in its first cycle was designed to reduce the SEC from 8 energy intensive sectors viz. Aluminum, Cement, Chlor- Alkali, Fertilizer, Iron & Steel, Paper & Pulp, Thermal Power Plant and Textile. Inclusion of new sectors was carried out by BEE before the commencement of the second cycle of PAT. Three new sectors namely Refineries, Railways and DISCOMs were notified for its second cycle. Further, two new sectors, namely Petrochemicals and Commercial Buildings (Hotels) were also notified.

The PAT scheme was largely successful and met most of its targets in the completed cycles. However, the scheme faced challenges due to an oversupply of ESCerts in the market. This oversupply was possibly driven by lenient goals set in its earlier cycles, the absence of market makers or financial traders which provide liquidity and manage oversupply and deficit market situations, and no provision of carry-over of unused ESCerts to subsequent PAT cycles.

As India plans to develop its national carbon market, the PAT scheme will provide a foundational structure with a system for target setting, assessments, trading platform, etc. This ecosystem will act as a launching pad for a carbon market.

### **Indian Carbon Market (ICM)**

India has demonstrated leadership in climate action by implementing its ambitious Nationally Determined Contributions (NDCs) to fulfil the global climate targets. The government of India has started the creation of the "Indian Carbon Market," a unified carbon market mechanism that will mobilise new opportunities for mitigation through the demand for emission reduction credits by both public and private entities. This move is intended to help the country achieve its enhanced NDC targets.

Establishing a single carbon market mechanism and incorporating the current PAT and REC markets into it is essential to developing an efficient and effective domestic carbon market mechanism in India and reaching a feasible scale of operations. The measurement of India's market mechanisms, PAT and REC, is expressed in tonnes of oil equivalent (TOE) or MWh, respectively, rather than carbon dioxide equivalent (CDE) through the metric unit of their certificates. This presents a significant difficulty. This has led to an excess of PAT and REC certifications, in addition to the problems of low targets and lax enforcement (in the case of the REC). BEE has suggested a single domestic carbon market mechanism as a solution to these problems. BEE suggests that the envisaged Carbon Credit Trading Scheme (CCTS) will build on the existing mechanisms present in the market, PAT, and REC.

In order to help India meet its NDCs, ICM aims to expedite decarbonization and mobilize resources, including money and technology. Having a single national market will simplify the accounting and verification processes, save transaction costs, increase liquidity, foster mutual understanding and focused capacity development, and strengthen a common understanding. The necessary nature of promoting market solutions to aid the gradual decarbonization of the economy stems from the difficulty of fulfilling future NDC goals. The private sector will be able to actively participate in decarbonization activities across all conceivable sectors thanks to the planned carbon market mechanism. Establishing a uniform ICM can aid in the production of qualified carbon credits, boost credit trading liquidity, and hence provide the groundwork for an effective price discovery and incentive system.

ICM is established under the purview of the Energy Conservation Act, 2001, and the Environment (Protection) Act, 1986. The Energy Conservation Act, 2001 empowers the Government of India to specify the Carbon Credit Trading Scheme (CCTS), where any entity, including the designated consumers, registered for carbon credit trading scheme will be the registered entity (RE). The act empowers the Central Government to issue the Carbon Credit Certificates (CCC) to the REs under different mechanisms. While the Environment (Protection) Act, 1986 empowers the Government of India to specify standards for emission or discharge of pollutant for the obligated sectors.

The Carbon Credit Trading Scheme includes a Compliance Mechanism, wherein registered organizations that receive notifications under the mechanism are referred to as "Obligated Entities." The MoEFCC will inform the obliged entities of the GHG Emission Intensity Targets for each cycle of the prescribed trajectory in tonnes of carbon dioxide equivalent (tCO<sub>2e</sub>) per unit of equivalent product. The designated GHG emission intensity targets must be met by the Obligated Entity within any trajectory period for each annual year (compliance

cycle). In any compliance cycle, the obliged entity that surpasses the targeted GHG emission intensity is eligible to receive the CCCs based on the discrepancy between the targeted and achieved GHG emission intensities for the production amount in the relevant compliance cycle. The obligated entity who fails to achieve the targeted GHG emission intensity in any compliance cycle are entitled to purchase the CCCs based on the difference in the achieved GHG emission intensity and targeted GHG emission intensity for the production in the relevant compliance cycle.

## **State and Trends of Carbon Markets and ESG Advisory services**

Climate change poses a significant global threat, driven by the gradual warming of the Earth due to increased greenhouse gas (GHG) concentrations, primarily from human activities. The United Nations Framework Convention on Climate Change (UNFCCC), established in 1992, aimed to stabilize atmospheric GHG concentrations to prevent dangerous anthropogenic interference with the climate system. Intergovernmental Panel on Climate Change (IPCC), in its Sixth Assessment Report (AR6) released in 2021 underscored the urgent need for action, emphasizing that human influence has unequivocally warmed the planet and urging immediate reductions in GHG emissions to limit global warming to 1.5 degrees Celsius. Given the longevity of CO<sub>2</sub> in the atmosphere, mitigation efforts require detailed planning to reduce while also exploring the best ways to achieve a net reduction of GHGs from the atmosphere. Carbon Markets is one such approach advocated as a means to reduce GHG emissions.

### **Article 6 of the Paris Agreement**

During COP 26 in Glasgow (2021), discussions surged around the rules and guidance for Article 6 of the Paris Agreement. This article facilitates international cooperation and lays the groundwork for market mechanisms. It emphasizes the role of voluntary cooperation between countries and paves the way for non-state actors, particularly the private sector, to partake in emission reduction endeavours. The Article provides flexibility to governments to engage in voluntary cooperation in the implementation of Nationally Determined Contributions (NDCs) “to allow for higher ambition in their mitigation and adaptation actions” (Article 6.1 Paris Agreement). The article provisions the integrated and holistic approaches to assist governments in implementing their Nationally Determined Contributions (NDC) to the global response to climate change through voluntary international cooperation. This establishes a policy foundation for an emissions trading system to enable transactions of Internationally Transferred Mitigation Outcomes (ITMO) or carbon credits. The rulebook for the new market mechanism under Paris Agreement is under development. Under this mechanism (also known as article 6.4 mechanism), parties with low emissions would be allowed to sell their exceeding allowance to other parties, a mechanism alike the preceding CDM.

Article 6.2 of the Paris Agreement provides modalities and guidance to ensure that activities that transfer GHG emission reductions and removals (‘mitigation outcomes’) do not result in the double counting of GHG emission reductions and removals under more than one NDC. A host country can authorize the use of GHG emission reductions and removals generated by a VCM activity towards the NDC of another country, other international mitigation, or other purposes. In such case, the country where the mitigation action took place (the “host country”) needs to ensure that the authorized GHG emission reductions and removals are not counted towards its own NDC. This is important to ensure that the activity is in compliance with the Paris Agreement Article 6.2 implementation guidance.

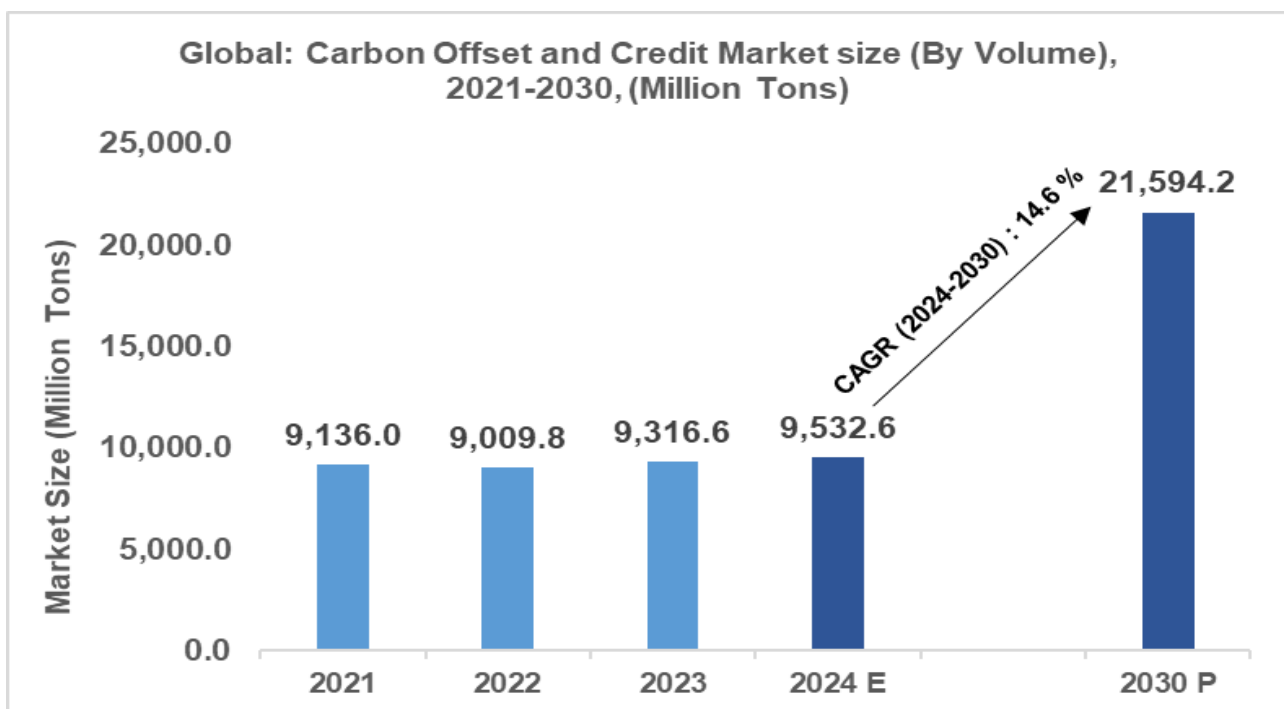
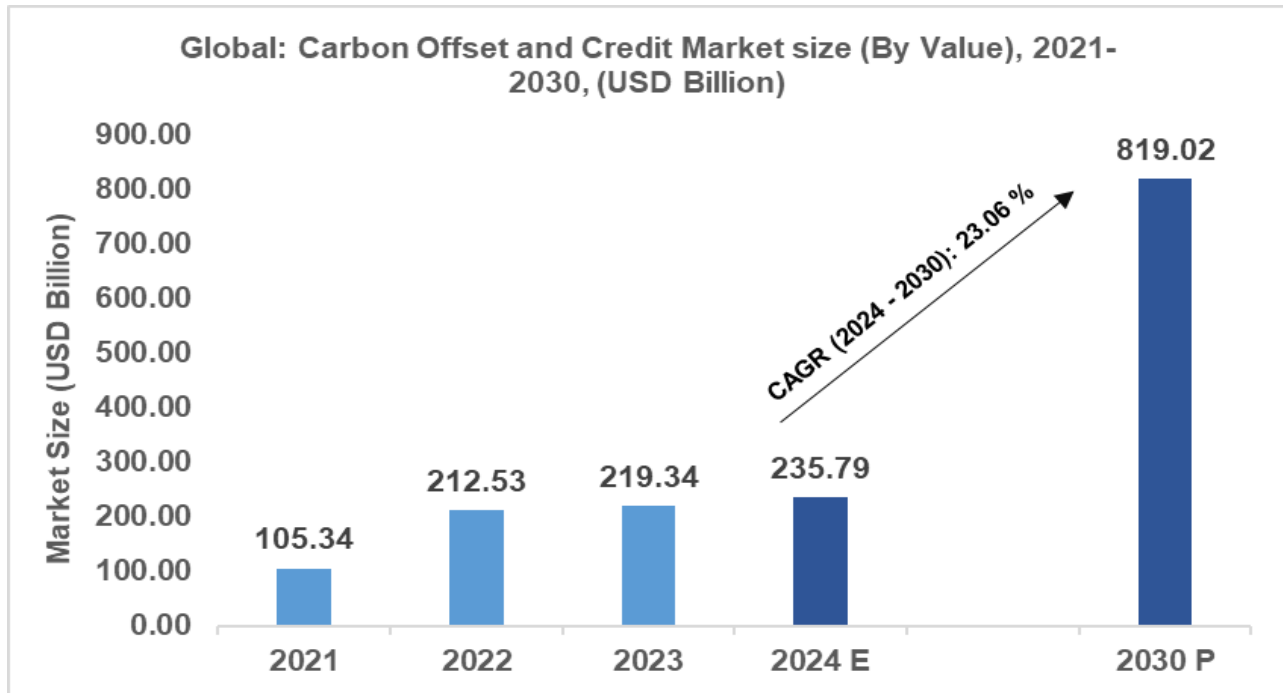
Article 6.4 of the Paris Agreement defines a mechanism that can be understood as a modified and ‘improved’ version of the Clean Development Mechanism (CDM). The rules and modalities that govern Article 6.4 mechanism are still being developed. Once they are operational, the Article 6.4 supervisory body will register projects, and countries will be able to approve and authorize activities under Article 6.4.

While clarity on Article 6's interaction with voluntary markets will be crucial for its ability to unlock its full potential, ongoing negotiations regarding its implementation details remain unresolved, creating uncertainty for market participants. Paris Agreement's Article 6 holds significant potential for the future of voluntary carbon markets. By establishing a framework for international cooperation on emissions reductions, Article 6 could pave the way for the consolidation of the global voluntary market through the creation of universally recognized credit standards.

## State and trends of Carbon Offset and Credit Market

While positive progress on carbon pricing continues on many levels, more is required to meet the goals of the Paris Agreement. The adoption of carbon pricing has been limited over the last year, but there are promising signs of future uptake in middle-income countries. Flexible policy designs and approaches continue to emerge, reflecting the adaptability of carbon pricing to national circumstances. Governments, particularly in middle-income countries, are increasingly including crediting frameworks in their policy mix, with a view to supporting both compliance and voluntary markets.

The global carbon offsets and credit market is projected to grow from USD 219 billion in 2023 to more than USD 800 billion by 2030 and it is estimated to grow at a CAGR of 23.06% from 2024 to 2030.



Source: Markets and Markets, CRISIL Research

Note: Data labels indicate Carbon offset and credit market size in term of Value (USD Billion) and in terms of Volume (Million Tons)

E: Estimated; P: Projected

### Figure 9 Global Carbon Offset and Credit Market Size

Based on type, the carbon offsets and credit market has been categorized into the regulatory/compliance market and the voluntary market. The global compliance market accounted for the majority of the market share (99.3%) in 2023 and it is expected to record a CAGR of 23.06% from 2024 to 2030. Although the size of Voluntary Carbon Markets (VCMs) is still much smaller than Regulatory/Compliance Carbon Markets (CCMs), VCMs have experienced a remarkable expansion in recent years. Global voluntary market is expected to witness a CAGR of 25.01% from 2024 to 2030. These growth trends are attributed to the rising demand for decarbonization to manage the environmental and financial risks of climate change.

**Table 3 Global Carbon Offset and Credit Market Size (Voluntary and Compliance)**

Global: Carbon Offset and Credit Market size, By Type, 2021-2030, (USD Billion)						
By Type	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
<b>Voluntary</b>	1.07	1.64	0.59	0.71	2.71	25.01%
<b>Compliance</b>	104.28	210.89	218.74	235.07	816.31	23.06%

Global: Carbon Offset and Credit Market size, By Type, 2021-2030, (Million Tons)					
By Type	2021	2022	2023	2024 E	2030 P
<b>Voluntary</b>	253.5	205.9	89.9	96.0	203.4
<b>Compliance</b>	8,882.6	8,803.8	9,226.7	9,436.6	21,390.8

Source: Markets and Markets, CRISIL Research

Note: Data labels indicates Carbon offset and credit market size (USD billion)

E: Estimated; P: Projected

### Trend (2021-2023) and outlook (2024-2030) of Regulatory & Voluntary Carbon Market by Key Regions

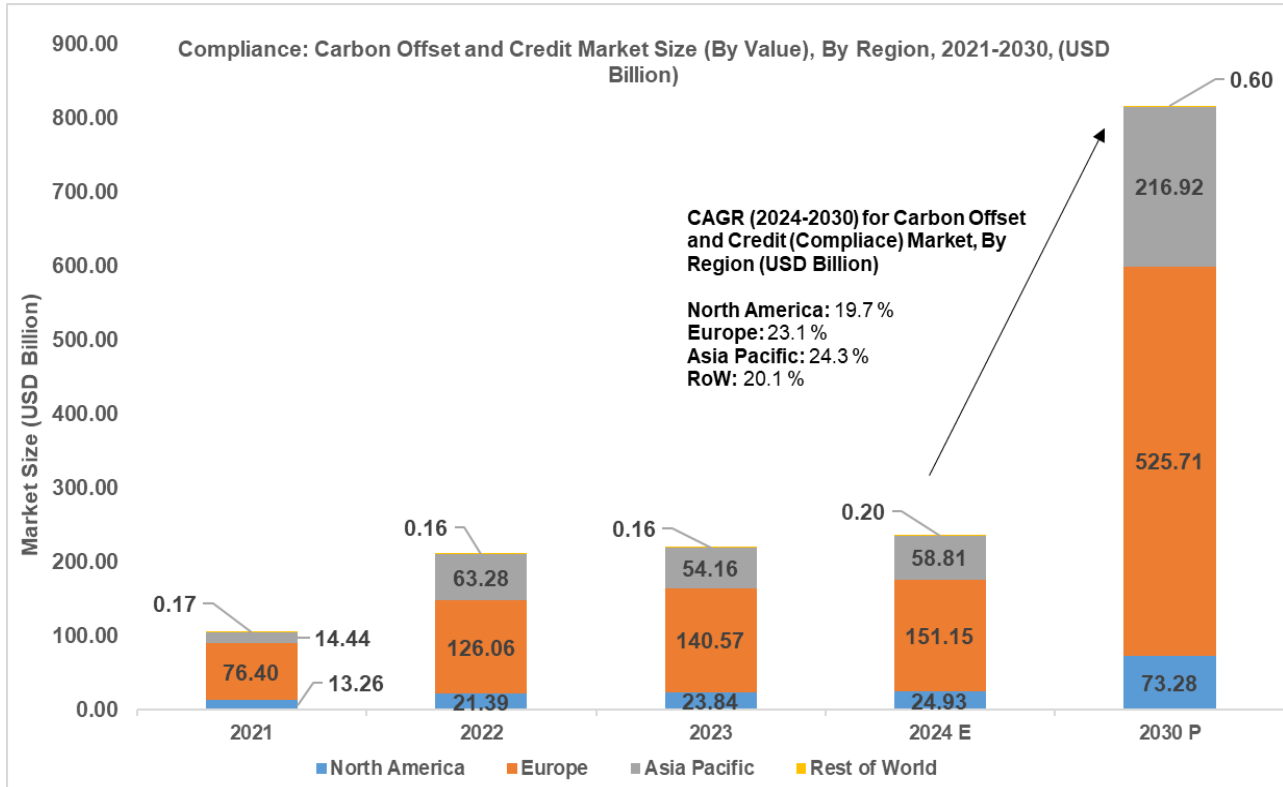
This study covers the market forecast for key regions like Asia Pacific, Europe, North America, and RoW (Rest of the World). Rest of the World include South America and Middle East & Africa region.

Europe accounted for the largest share (64.26%) of the global compliance carbon offset and credit market in 2023. The region is also expected to grow further in the global market during the forecast period. The market dominance and the growth are attributed to the largest EU emission trading system (ETS) that operates in the region. Europe's market development is anticipated to be fuelled by the government's implementation of strict rules and measures to tackle climate change. The introduction and the current transitional period for the Carbon Border Adjustment Mechanism (CBAM) introduces several new compliance and reporting requirements for importers into the European Union (EU).

**Table 4 Carbon Offset and Credit (Compliance) Market Size**

Compliance: Carbon Offset and Credit Market Size, By Region, 2021-2030, (USD Billion)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
<b>North America</b>	13.26	21.39	23.84	24.93	73.28	19.7%
<b>Europe</b>	76.40	126.06	140.57	151.15	525.71	23.1%
<b>Asia Pacific</b>	14.44	63.28	54.16	58.81	216.92	24.3%
<b>Rest of World</b>	0.17	0.16	0.16	0.20	0.60	20.1%

Compliance: Carbon offset Market Size, By Region, 2021-2030, (Million Tons)					
Region	2021	2022	2023	2024 E	2030 P
North America	783.4	819.5	879.6	903.2	2,036.1
Europe	1,673.9	1,636.6	1,671.4	1,677.5	3,508.8
Asia Pacific	6,280.6	6,199.6	6,527.1	6,685.9	15,494.5
Rest of World	144.7	148.1	148.6	169.9	351.4



Source: Markets and Markets, CRISIL Research

Note: Rest of the World include South America and Middle East & Africa region; Data labels indicates market size (USD billion)

E: Estimated; P: Projected

**Figure 10 Carbon Offset and Credit (Compliance) Market, by region**

Asia Pacific (APAC) accounts for the second largest share in the market. The market growth is attributed to the APAC countries' pledge to curb their carbon emissions. Achieving these commitments will require substantial investments over the next decade. According to the report 'Unlocking Climate Finance in Asia-Pacific' released in January 2024 by International Monetary Fund (IMF), emerging and developing Asia will need at least \$1.1 trillion annually for climate mitigation and adaptation investments and currently actual investment falls short by \$800 billion.

Various types of carbon markets and policy measures are currently in force across APAC. Furthermore, there are several propositions under development. The world's largest regulatory carbon market by volume in Mainland China is expected to expand its scope 1. New regulatory carbon markets are either launched to trade or are due to launch in India, Indonesia, Japan, and Malaysia.

Government-regulated compliance carbon markets are created and overseen by mandatory national, regional, or jurisdictional carbon reduction regimes. It is not optional, every facility or company covered is obliged to

<sup>1</sup> [asifma-white-paper-upscaling-carbon-markets-across-apac-october-2023.pdf](#)



take part in the market. Usually operating in the form of a cap-and-trade (CaT) system, installations or bodies must hold or purchase enough credits to cover their emissions. The compliance carbon market imposes a gradually declining cap, which serves to gradually reduce a company's total emissions over time. The compliance market has been sub segmented into EU ETS, China ETS, Korea ETS, California Cap and Trade, and others. The European Union's Emissions Trading System (EU ETS) is the oldest and largest mandatory carbon market, and as such, has become a point of reference for global climate policy.

**Table 5 Carbon Credit (Compliance) Market Size**

Compliance: Carbon Credit Market size, By Type, 2021-2030, (USD Billion)					
Market Mechanism	2021	2022	2023	2024 E	2030 P
EU ETS	67.36	114.51	127.75	135.03	424.48
Korea ETS	10.01	11.60	7.00	7.52	26.12
China ETS	0.00	43.65	38.94	42.90	173.06
Others	26.90	41.12	45.06	49.62	192.65

Source: Markets and Markets, CRISIL Research

E: Estimated; P: Projected

While the primary focus rests on countries' commitments, the voluntary carbon markets has also gained prominence. However, the volume and value of the voluntary carbon market (VCM) contracted for the second year in a row from its 2021 peak, with year-on-year decline in the volume of transactions. This decline was mainly driven by negative press questioning the additionality and governance of carbon credit projects resulting in reduced issuances from the VCS and the American Carbon Registry. This trend also reflects a range of factors, including project developers delaying credit issuance applications due to high associated costs, pending the improvement of market demand and prices, as well as a potential shift in investment and demand away from traditional projects.

**Table 6 Carbon Offset (Voluntary) Market Size**

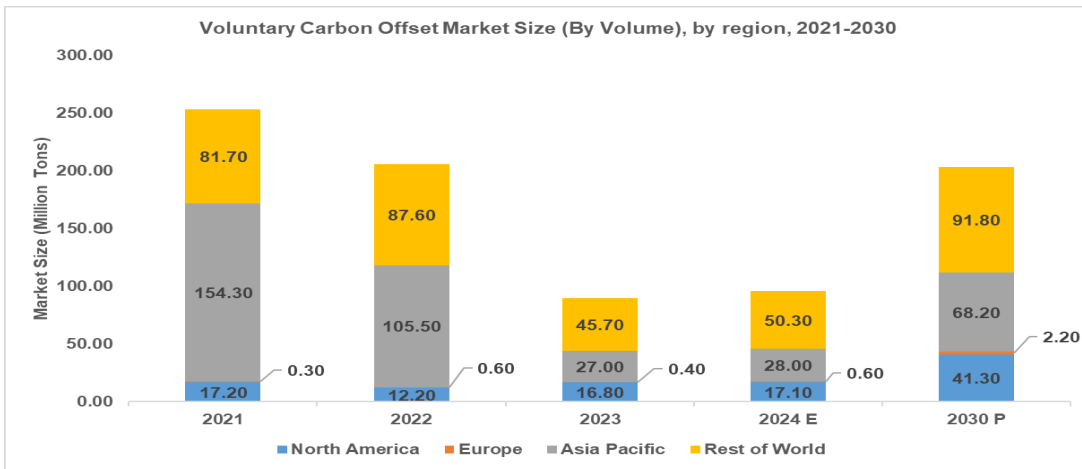
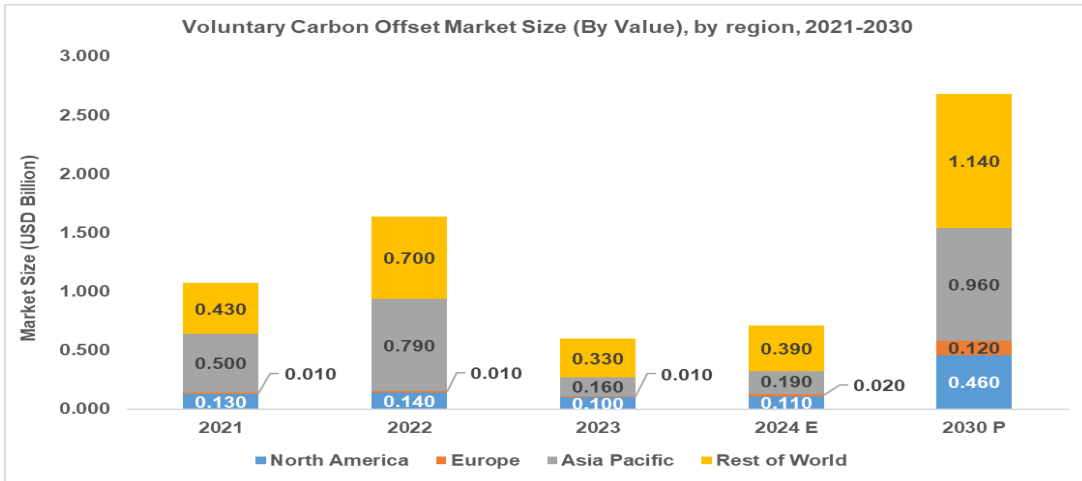
Voluntary: Carbon offset Market Size, By Region, 2021-2030, (USD Billion)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	0.130	0.140	0.100	0.110	0.460	26.93%
Europe	0.010	0.010	0.010	0.020	0.120	34.80%
Asia Pacific	0.500	0.790	0.160	0.190	0.960	30.98%
Rest of World	0.430	0.700	0.330	0.390	1.140	19.59%

Voluntary: Carbon Offset and Credit Market Size, By Region, 2021-2030, (Million Tons)					
Region	2021	2022	2023	2024 E	2030 P
North America	17.20	12.20	16.80	17.10	41.30
Europe	0.30	0.60	0.40	0.60	2.20
Asia Pacific	154.30	105.50	27.00	28.00	68.20
Rest of World	81.70	87.60	45.70	50.30	91.80

Source: Markets and Markets, CRISIL Research

Note: Rest of the World include South America and Middle East & Africa region.

E: Estimated; P: Projected

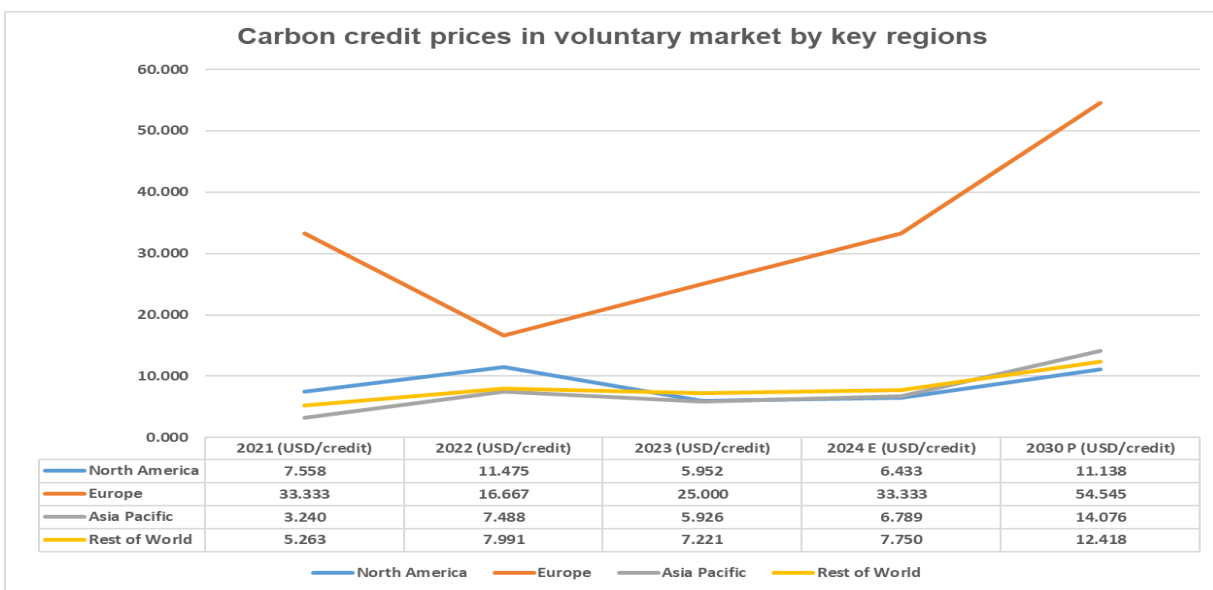


Source: Markets and Markets, CRISIL Research

Note: Rest of the World include South America and Middle East & Africa region.

E: Estimated; P: Projected

**Figure 11 Carbon Offset and Credit (Voluntary) Market, by region**



Source: *Markets and Markets, CRISIL Research*

Note: *Rest of the World include South America and Middle East & Africa region.*

*E: Estimated; P: Projected*

### **Figure 12 Carbon Offset and credit prices in voluntary market (key regions)**

The transaction volumes declined for credits from all regions in 2023, except North America. The decline in transaction volumes is attributed to pullback from REDD+ projects due to rising concerns towards, additionality and governance of carbon credit projects.

The carbon credit market has exhibited significant regional price fluctuations, driven by varying supply-demand dynamics and regulatory factors. Research suggests that in North America, prices have fallen sharply due to an influx of inexpensive industrial process emission reduction credits, leading to oversupply. In contrast, regions such as Europe and Oceania saw price increases, driven by stricter regulations and ambitious climate targets. These regional disparities highlight the absence of a unified global market and standardized pricing, contributing to variability across markets. To enhance market stability and encourage broader participation, it is essential to address these factors and create a more stable and consistent market environment.

Despite the backlash faced by the voluntary carbon offset and credit market in the past couple of years, it has emerged as a flexible mechanism for both private and public sector entities seeking to voluntarily offset emissions. Their potential to drive additional emission cuts, foster innovation, and foster collaborations among governments, corporations, and civil society has increasingly garnered acknowledgment as a pivotal force in the global climate agenda. With the urgent need to limit global temperature rise, countries are turning to ambitious NDCs, where the engagement of the private sector through VCMs becomes crucial for mobilizing mitigation finance, technology transfer, and innovation, thus contributing to multiple Sustainable Development Goals (SDGs) and aiding in meeting emissions reduction targets committed through NDCs.

#### **Trend (2021-2023) and outlook (2024-2030) of Voluntary Carbon Market by Project type**

The voluntary market includes forestry and land use, renewable energy, chemical processes/industrial manufacturing, energy efficiency/fuel switching, and others.

Forestry and land use, includes afforestation, reforestation, revegetation, and forest management. Renewable energy can take a number of forms and the most familiar are wind, hydro, and solar.

Energy efficiency projects use less energy and less fuel than a business-as-usual scenario. Examples of this type of project include converting a fleet of vehicles to a fleet of more fuel-efficient vehicles, replacing inefficient HVAC mechanical or water heating systems, renovating buildings to make them more efficient at retaining thermal energy, or replacing incandescent light bulbs with LED light bulbs.

Fuel-switching projects reduce the consumption of fossil fuels by switching to cleaner or renewable fuel sources for the same activity, thereby producing legitimate offsets. Examples of this include switching from oil to natural gas to power an on-campus electricity generating plant or powering a fleet of vehicles with ethanol instead of gasoline or biodiesel instead of fossil diesel.

Other voluntary markets include household/community devices, waste disposal, transportation, and agriculture. Enhancing waste-to-energy practices can avert the release of potent GHG, such as methane. New technologies are also used to avoid pollution or to produce biogas from organic matter, which also adds an element of circularity to the economy. Avoidance efforts can range from livestock and manure management to transport electrification and methane capture in mines. Regardless of the sector, they all aim to save GHG emissions by switching, modernizing, and improving technologies and industrial processes, thus making responsible production choices and bolstering companies' climate commitments.

Voluntary markets have the potential to channel finance into carbon removal projects and address the residual emissions of firms, but they are held back by issues of market integrity. This includes a lack of consensus on how the market credits align with science-based decarbonization pathways, the overall quality of the credits available, as well as fragmented reporting standards.

For voluntary markets to fulfill their potential, standard-setting bodies are providing guidance on the accounting and disclosure for the credits and how they relate to net-zero/carbon-neutral claims. This guidance helps remove ambiguity from the market and avoid greenwashing. Standard-setting bodies and validation and verification bodies (VVBs) assess the quality of offsets to ensure that they meet the required standards and are of high quality. By providing transparency and clarity surrounding the quality of credits, participants can actively participate in the market with reliability. Additionally, development of global registries will reduce the fragmentation of the voluntary credit market across regions. A unified registry will enable more seamless transactions and enable authorities to track global progress toward the Paris Agreement goals. This would also allow them to identify the necessary steps to accelerate the global transition.

Despite market headwinds, as of May 2024, the total number of new registered projects grew led by Household/Community Devices projects. Forestry and Land Use, Renewable Energy, Agriculture, and Waste Disposal project registrations also grew year-on-year.

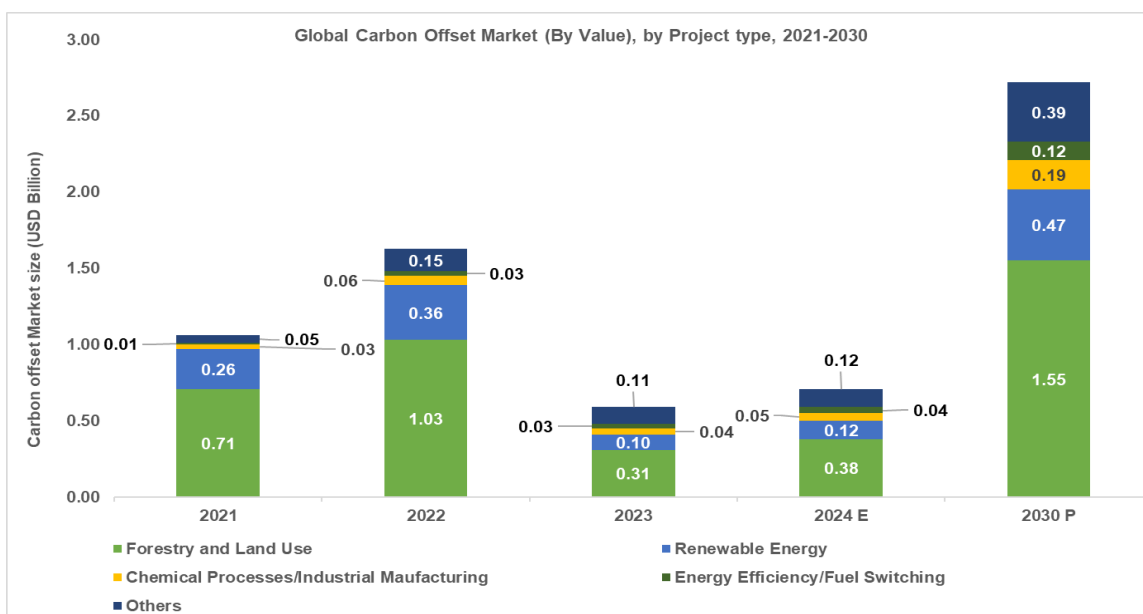
**Table 7 Global Carbon Offset and Credit Market Size by project type**

Global: Carbon offset Market size, By Type, 2021-2030, (USD Billion)						
Voluntary Market Type	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
Forestry and Land Use	0.71	1.03	0.31	0.38	1.55	26.4%
Renewable Energy	0.26	0.36	0.10	0.12	0.47	25.5%
Chemical Processes/Industrial Manufacturing	0.03	0.06	0.04	0.05	0.19	24.9%
Energy Efficiency/Fuel Switching	0.01	0.03	0.03	0.04	0.12	20.1%
Others	0.05	0.15	0.11	0.12	0.39	21.7%

Global: Carbon offset Market size, By Type, 2021-2030, (Million Tons)					
Voluntary Market Type	2021	2022	2023	2024 E	2030 P
Forestry and Land Use	119.50	94.57	31.53	34.08	78.05
Renewable Energy	109.28	74.04	24.24	26.03	56.32
Chemical Processes/Industrial Manufacturing	8.74	10.93	10.39	10.31	21.74
Energy Efficiency/Fuel Switching	5.00	5.45	7.95	9.24	15.43
Others	10.95	20.93	15.81	16.35	31.85

Source: Markets and Markets, CRISIL Research

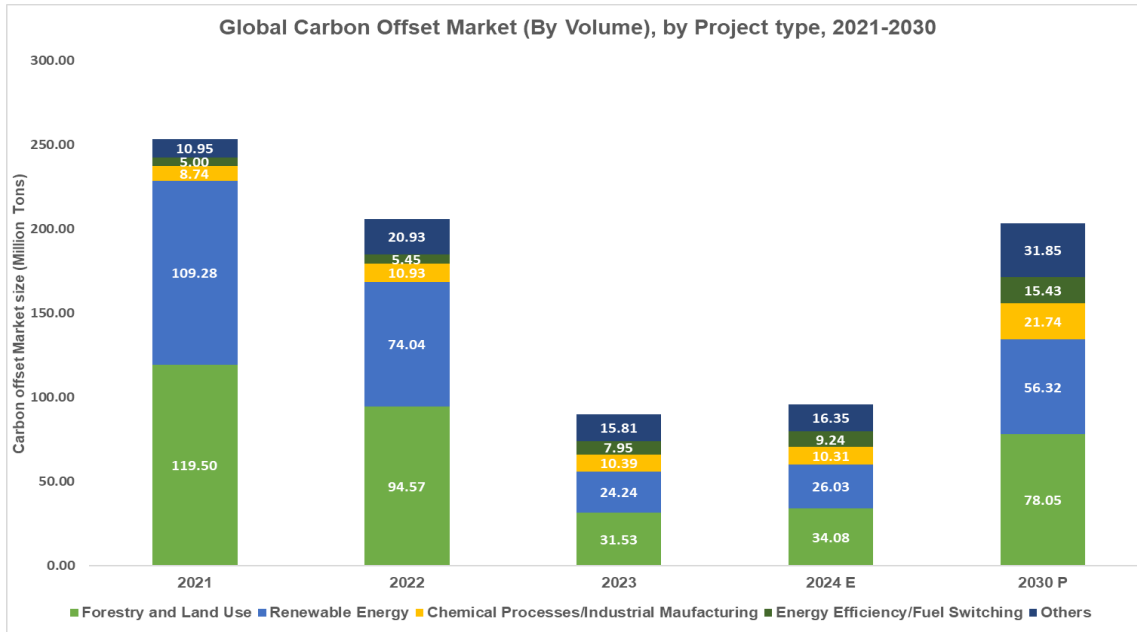
Note: Other include household/community devices, waste disposal, transportation, and agriculture  
E: Estimated; P: Projected



Source: Markets and Markets, CRISIL Research

Note: Other include household/community devices, waste disposal, transportation, and agriculture  
E: Estimated; P: Projected

**Figure 13 Global Carbon Offset Market (by value), By Project type**

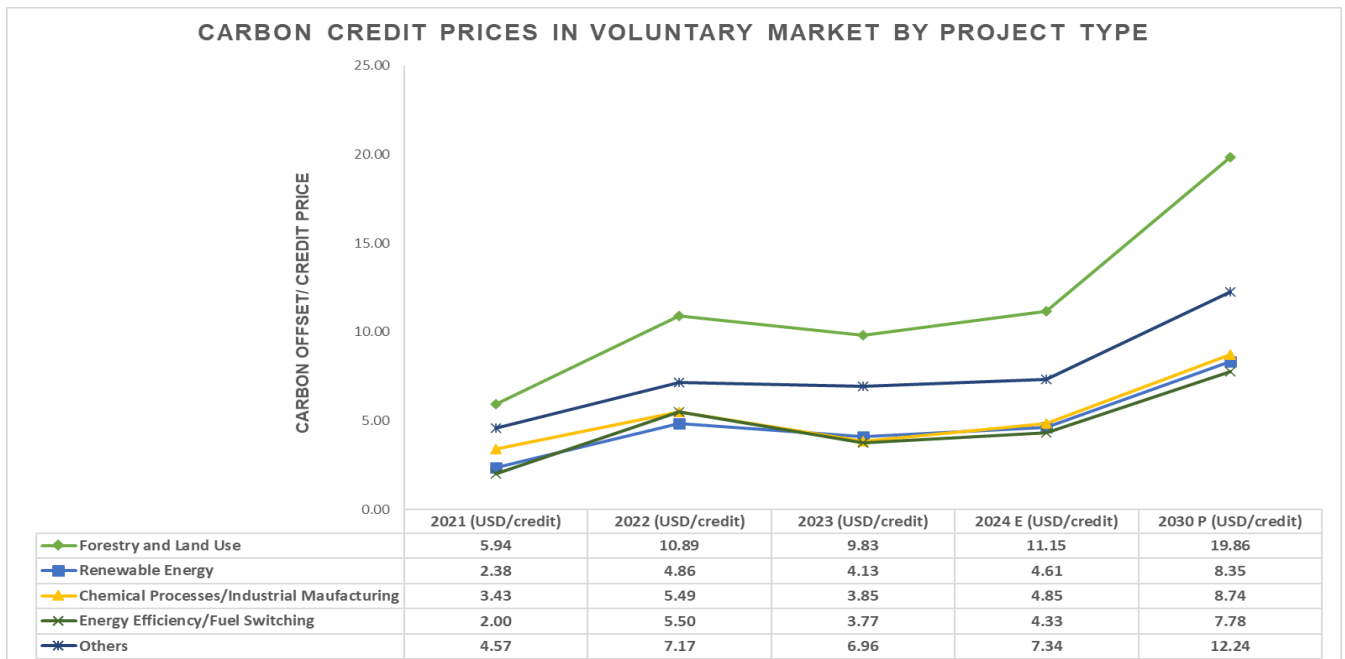


Source: Markets and Markets, CRISIL Research

Note: Other include household/community devices, waste disposal, transportation, and agriculture

E: Estimated; P: Projected

**Figure 14 Global Carbon Offset Market (by volume), By Project type**



Source: Markets and Markets, CRISIL Research

Note: Other include household/community devices, waste disposal, transportation, and agriculture

E: Estimated; P: Projected

**Figure 15 Carbon Offset and credit prices in voluntary market (project type)**

Although transaction volumes for forestry and land use projects have decreased, they continue to dominated the voluntary carbon credit market, underscoring demand for nature-based solutions (NbS). Renewable energy remains the second most popular, but expected rise in prices for credits in the forestry and land use reflect

growing interest in carbon removal initiatives. Research suggests that categories such as energy efficiency and chemical processes/industrial manufacturing, experienced price declines due to oversupply.

## **Overview of projects undertaken within Voluntary Carbon Offset Market in 2023**

### **Agriculture**

The agriculture category includes project types focused on the sustainable management of farmland and pasture, including soil carbon sequestration through sustainable farmland or pasture management, livestock waste methane management, conservation of grassland habitats, and avoidance of methane production in rice cultivation. The volume of Agriculture credit transactions continued to grow in 2023, marking a fourth consecutive year of growth since 2019. Among the trading credits issued by seven different standards, credits from VCS projects made up the largest proportion by far. Projects in Asia contributed the largest share of the volume of Agriculture credits traded in 2023, followed by Latin America and the Caribbean.

### **Chemical Process/ Industrial Manufacturing**

Chemical Processes/Industrial Manufacturing is the category with the third largest volume of transactions in 2023. These projects focus on eliminating greenhouse gas production or reducing the volume of greenhouse gases used in industrial applications. Representative project types in 2023 include nitrous oxide destruction in chemical production; reclamation and replacement of hydrofluorocarbons in applications, including refrigerants and foam production; fugitive emissions capture and destruction, including methane from coal mines; and other industrial process emissions reduction activities. American Carbon Registry (ACR) recorded highest number of credits from the transactions in 2023, followed by Climate Action Reserve (CAR), and then VCS. North America grew to become the largest source for Chemical Processes/Industrial Manufacturing credits traded in 2023, followed by Asia at a distant second position.

### **Energy Efficiency/ Fuel Switching**

Projects in the Energy Efficiency/Fuel Switching category reduce consumption of fossil fuels by increasing the efficiency of industrial processes and residential and commercial heating and lighting and by switching power and heat generation from fossil fuels to biomass or less carbon-intensive fuels, such as natural gas. This category grew the most in 2023, mostly driven by an increase in the volume of industrial energy efficiency credits. The largest share of credits traded originated from projects in North America, followed by Asia. The most prevalent standard was ACR, followed by VCS.

### **Forestry and Land Use**

Forestry and Land Use remains the largest category of carbon credits by transaction volume, despite 2023 volumes declining from 2022. REDD+ project types made up the majority of credits traded in this category, while Afforestation-Reforestation and Revegetation (ARR) and Improved Forest Management (IFM) credits also managed their small share in the market. Credits from projects in Latin America and the Caribbean constituted around one-third of transaction volume for Forestry and Land Use, followed by Africa and Asia. This category saw credits traded from the greatest number of countries in 2023. While VCS remains the most popular standard for Forestry and Land Use credits, this category included the greatest variety of standards for traded credits.

### **Household/ Community Devices**

This category includes all projects that focus on reducing carbon emissions at the household or community level, rather than through land-use practices or large-scale industrial processes. Popular project types in this category include efficient cookstove and water purification device distribution, which mitigate greenhouse gas emissions caused by deforestation for fuel in rural areas; community energy efficiency projects; and biogas infrastructure for fossil-fuel free heating and cooking in rural communities. The volume of Household/Community Devices credits traded grew from 2022, with an increase in transactions of clean cookstove credits responsible for almost all of this growth. The majority of Household/Community Devices projects took place in Africa, followed by Asia. More than half of the volume of credits traded in this category in 2023 were from a Gold Standard project, followed by VCS projects.

### **Renewable Energy**

Renewable Energy projects were the second-largest category by transaction volume. These projects mitigate carbon emissions by using renewable energy to displace fossil fuel consumption. Project types include

electricity and heat generation using wind, solar, hydropower, geothermal energy, biogas from the decomposition of organic waste, and renewable biomass. Renewable Energy credits were traded from the widest variety of projects in 2023. Of those credits, more than one-third of the traded volume came from projects in Asia, followed by projects in Latin America and the Caribbean. VCS was the largest source for credits in this category, followed by Gold Standard and CDM.

### **Waste Disposal**

Waste Disposal projects reduce greenhouse gas emissions by capturing and destroying methane from decaying organic material (except when this methane is used to generate heat or electricity; these project types are included in the Renewable Energy category), recycling old materials to avoid emissions associated with new manufacturing, and composting organic waste to prevent methane production. While the volume of Waste Disposal transactions fell from 2022, prices held steady year-on-year, unlike all other project categories, which may indicate an ongoing shift towards higher-quality Waste Disposal project methodologies. North America was host to the greatest share of projects with credits traded in 2023, followed by Latin America and the Caribbean.

The rapid rise in voluntary purchases of emissions credits, even in uncertain times, reflects companies' commitment to reaching net zero and the growing importance of the carbon market.

### **State and trends of Carbon Offset/Credit Validation, Verification and Certification Market**

The carbon offset and credit market plays a crucial role in the global fight against climate change. It allows organizations to offset their emissions by investing in projects that demonstrably reduce greenhouse gases. However, ensuring the credibility and integrity of these offsets necessitates a robust validation, verification, and certification (VVC) process. Understanding these service segments is critical for stakeholders across the carbon credit market ecosystem.

Validation serves as the essential foundation upon which the entire carbon credit lifecycle is built. It acts as a rigorous pre-assessment for proposed carbon offset projects, ensuring their adherence to established standards and methodologies before they proceed to verification and certification. During validation, independent experts evaluate the project design document (PDD). PDD is assessed against established carbon credit standards like Verra's Verified Carbon Standard (VCS) or the Gold Standard. As governments implement stricter regulations to curb greenhouse gas emissions, companies are expected to be turning to carbon offsets to meet compliance requirements and sustainability goals. This rise in project development necessitates the implementation of thorough validation procedures to ensure the credibility and integrity of the carbon credits generated.

Verification acts as the cornerstone of trust and quality within the carbon offset and credit market. Following the initial validation step, verification involves a rigorous audit conducted by independent, third-party experts or VVBs. These bodies examine all project documentation, monitoring reports, and emissions reduction data. The primary objective is to ensure the project has been implemented as planned, delivering the promised emissions reductions. They verify that the claimed reductions are accurate, measurable, and directly attributable to the project's activities. Additionally, verifiers confirm the project's ongoing adherence to the chosen carbon credit standard's methodologies and requirements. Several key drivers are propelling the growth of the verification segment. Companies and investors increasingly prioritize high-quality carbon credits to achieve their sustainability objectives. Verification provides a critical layer of assurance that the offsets they purchase represent genuine emissions reductions, justifying their investment.

One of the key requirements for high-quality carbon credits is additionality - the emissions reductions or removals must not have occurred without the incentive provided by carbon credit revenues. An independent VVB plays a vital role in rigorously evaluating a project's additionality by assessing barriers, baseline scenarios, and legal surplus. High-quality carbon projects shall also deliver meaningful co-benefits beyond just emissions reductions, such as positive impacts on local communities and biodiversity. This provides confidence that the credits represent real, additional emissions reductions. As the demand for high-quality carbon offsets intensifies, VVBs will play a critical role in guaranteeing an offset/credit's legitimacy and value.

Certification serves as the final checkpoint and official recognition within the carbon credit lifecycle. Following successful verification, certification bodies formally issue carbon credits, signifying that the project's verified emissions reductions meet the rigorous requirements of a specific carbon credit standard.

These certified credits then become tradable assets on carbon credit exchanges or platforms, allowing project developers to monetize their environmental benefits. The certification segment is intricately linked to the overall health of the carbon credit market. As the demand for verified offsets and credits surges, robust validation, verification and certification processes become even more critical to ensure the credibility and legitimacy of these tradable instruments.

Despite the clear benefits, challenges remain. The cost of validation, verification and certification can be a barrier for some project developers, particularly those involved in smaller-scale projects. Additionally, finding qualified validators with expertise in specific project types and methodologies can be difficult, especially in emerging markets. Looking ahead, technological advancements in data analysis and remote monitoring hold promise for streamlining validation processes and potentially reducing costs.

### Validation, Verification, and Certification in Regulatory and Voluntary Carbon Market

The global carbon offset and credit validation, verification, and certification (VV&C) market caters to two distinct market segments based on the type of carbon credits being traded: Voluntary and Compliance. Understanding these segments is crucial for stakeholders in the VV&C landscape. Companies and individuals can purchase voluntary carbon credits to offset their emissions and contribute to climate action projects. This market offers greater flexibility in terms of project types and methodologies, but also faces challenges with standardization and transparency. This market demands rigorous VV&C processes to ensure the credibility of traded credits.

The voluntary carbon credit market is experiencing a period of dynamic growth, driven by a confluence of factors. This demand has propelled the market value to nearly USD 163.6 million in 2023, marking a significant increase from just a few years prior.

**Table 8 Global Carbon Offset/ Credit VVC Market Size**

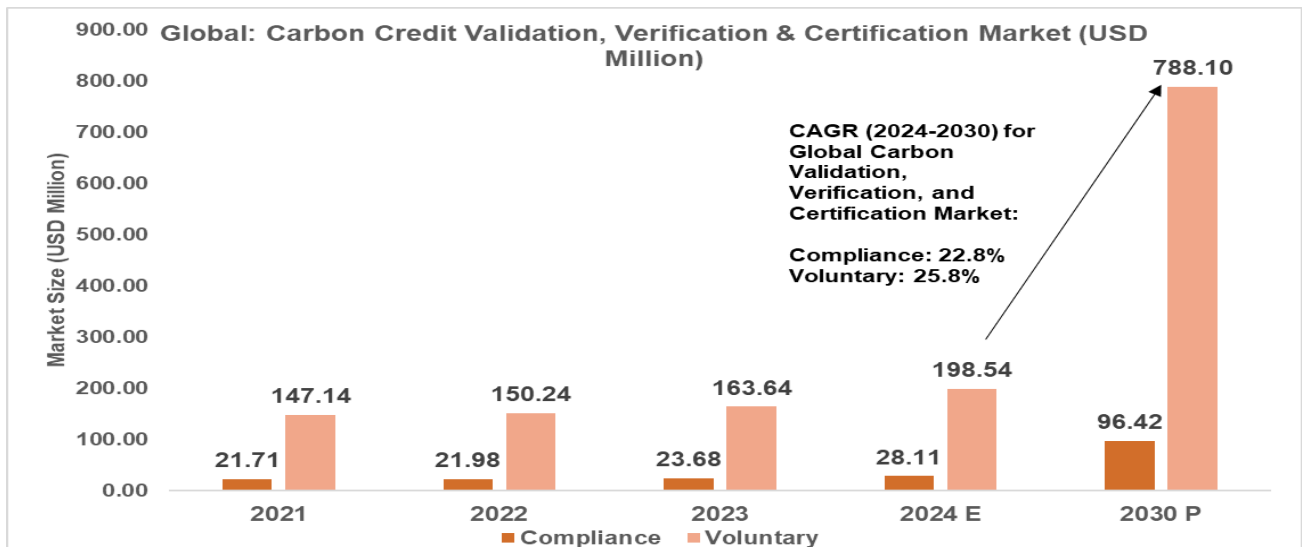
Global: Carbon Credit Validation, Verification & Certification Market size, By Type, 2021-2030, (USD Million)						
By Type	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
Compliance	21.71	21.98	23.68	28.11	96.42	22.8%
Voluntary	147.14	150.24	163.64	198.54	788.10	25.8%

Global: Carbon Credit Validation, Verification & Certification Market size, By Type, 2021-2030, (Milion Tons)					
By Type	2021	2022	2023	2024 E	2030 P
Compliance	101.02	150.46	78.43	89.81	266.43
Voluntary	362.00	353.00	308.00	366.52	1,270.18

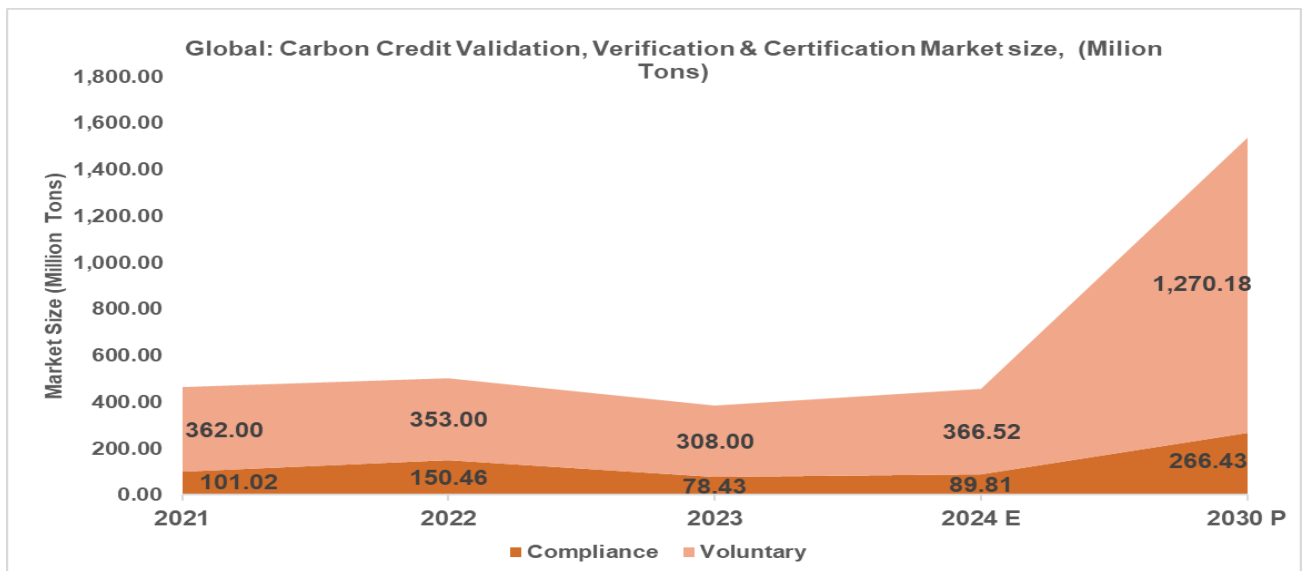
Source: Markets and Markets, CRISIL Research

Note: E: Estimated; P: Projected





**Figure 16 Global Carbon Offset/ Credit VVC Market Size (USD Million)**



Source: Markets and Markets, CRISIL Research

Note: Data labels indicate Carbon offset and credit market size in term of Value (USD Billion) and in terms of Volume (Million Tons)

E : Estimated; P: Projected

**Figure 17 Global Carbon Offset/ Credit VVC Market Size (Million Tons)**

The evolving voluntary carbon market (VCM) landscape is giving rise to new price drivers in 2024. Notably, credits from projects that achieve negative emissions by actively removing carbon from the atmosphere are expected to command a premium, as they are perceived as higher-value credits. This trend is consistent with 2023, when VCM buyers were willing to pay more for credits from projects that generated removals rather than just reductions.

The Voluntary market accounts for the majority of market share in the global carbon offset and credit validation, verification and certification market. VVC market in the voluntary market is expected to record a CAGR of 25.80% from 2024 to 2030. This growth is attributed to implementation of various initiatives to improve the functionality and integrity of the voluntary carbon credit market and several others under development.

Initiatives like the EU Carbon Removal Certification Framework and the London Stock Exchange's Voluntary Carbon Market Designation aim to establish clear criteria for project qualification and credit verification.

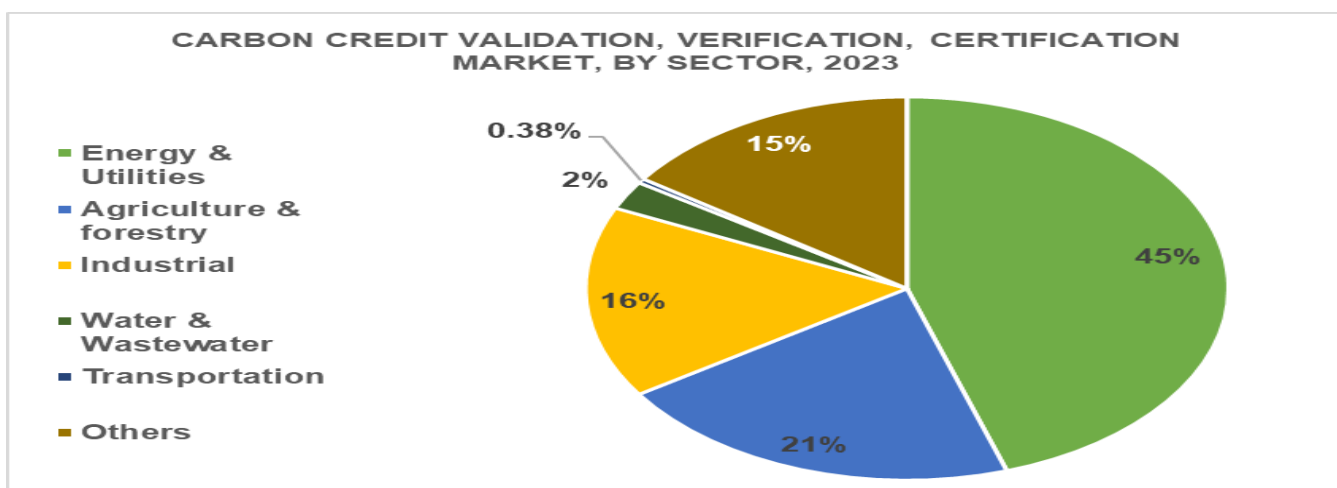
Governments are also playing an increasingly active role in shaping the landscape of voluntary carbon markets. This involvement takes various forms. Australia's Carbon Exchange and Japan's GX League exemplify efforts to drive market centralization by creating dedicated trading platforms. These efforts try to enhance the credibility of the market and provide companies with greater confidence in the emissions reductions they are financing. Evolving carbon credit standards and methodologies necessitate ongoing expertise from validation, verification, and certification bodies.

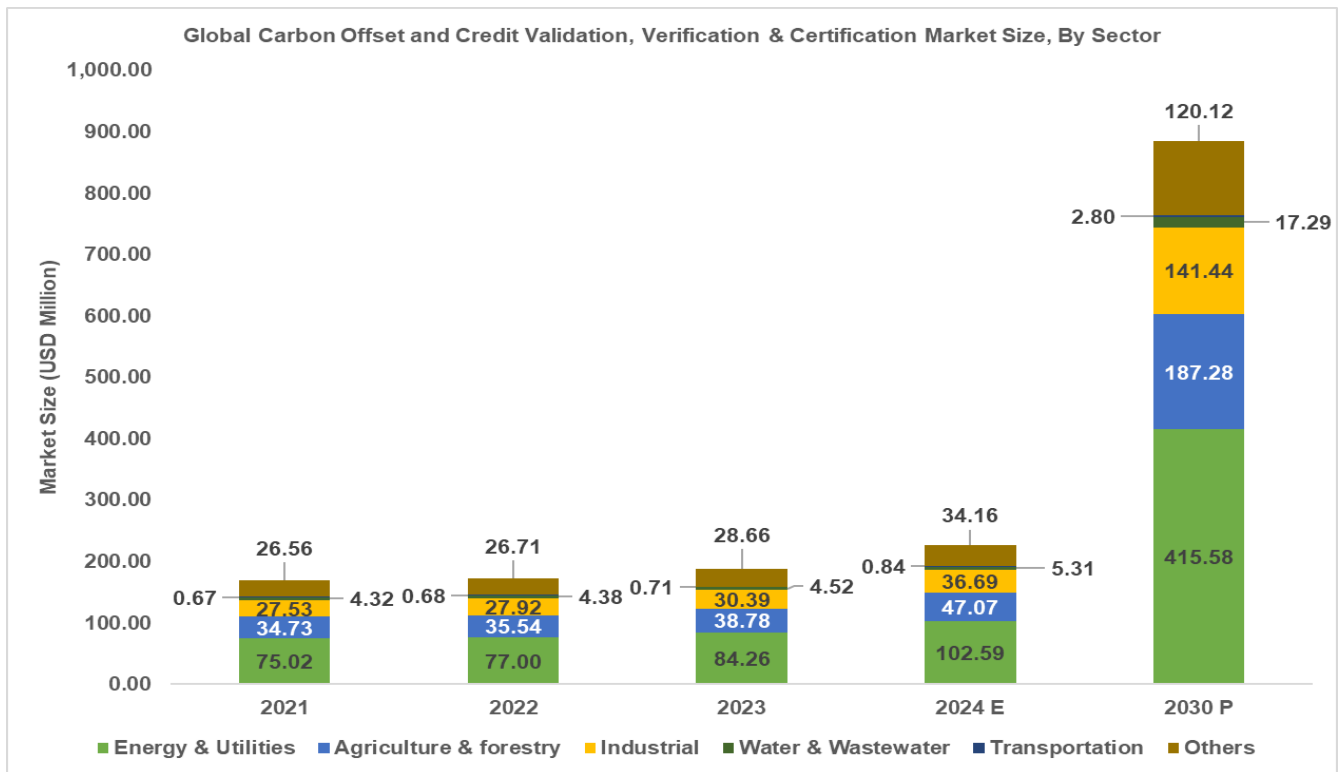
**Trend (2021-2023) and outlook (2024-2030) of Global Carbon Offset/ Credit VVC Market by Key Sector**

The By Sector segment in the global carbon credit validation, verification, and certification market categorizes initiatives based on various industries' contributions to carbon dioxide emissions and their potential for emissions reduction. This segmentation includes sectors such as Energy & Utilities, Transportation, Agriculture & Forestry, Water & Wastewater, Industrial, and Others (including Building & Construction, Aviation, and Waste Disposal). Each sector presents unique challenges and opportunities for implementing carbon reduction projects, ranging from renewable energy adoption and sustainable land management practices to energy efficiency improvements and the adoption of low-carbon technologies. Effective validation, verification, and certification processes ensure transparency and credibility in documenting emissions reductions across these diverse sectors.

**Table 9 Global Carbon Offset/ Credit VVC Market Size, By Sector**

Global: Carbon Credit Validation, Verification & Certification Market Size, By Sector, 2021-2030, (USD Million)						
By Sector	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
Energy & Utilities	75.02	77.00	84.26	102.59	415.58	26.3%
Agriculture & forestry	34.73	35.54	38.78	47.07	187.28	25.9%
Industrial	27.53	27.92	30.39	36.69	141.44	25.2%
Water & Wastewater	4.32	4.38	4.52	5.31	17.29	21.7%
Transportation	0.67	0.68	0.71	0.84	2.80	22.2%
Others	26.56	26.71	28.66	34.16	120.12	23.3%





Source: Markets and Markets, CRISIL Research

Note: Other include Building & Construction, Aviation, and Waste Disposal; E: Estimated; P: Projected

**Figure 18 Global Carbon Offset/ Credit VVC Market Size, By Sector**

The Energy & Utilities sector is a significant component of the global carbon credit market, driven by the urgent need to mitigate greenhouse gas (GHG) emissions from energy production and consumption. This sector encompasses a broad range of projects, including renewable energy generation, energy efficiency improvements, and waste-to-energy initiatives. Each project type undergoes rigorous validation, verification, and certification processes to ensure that the emissions reductions are real, measurable, and permanent. This category held largest market share of 45% in 2023 in Global Carbon offset/credit validation, verification and certification market across different sectors and it is also expected to grow at a CAGR of 26.30% from 2024 to 2030. According to the World Economic Forum (WEF), the world added 50% more renewable capacity in 2023 compared to 2022. According to the report ‘Renewable Capacity Statistics-2024, released by International Renewable Energy Agency (IRENA), 2023 set a new record in renewables deployment in the power sector by reaching a total capacity of 3870 Gigawatts (GW) globally. Looking ahead, IRENA's World Energy Transitions Outlook 1.5°C Scenario predicts that capacity will need to more than triple to 7.2 Terawatts (TW) by 2030 to meet climate goals.

The Agriculture and Forestry sector also holds a significant share in the voluntary carbon offset/credit VVC market. VVC market in this sector is expected to grow at a CAGR of 25.9% from 2024 to 2030, given its substantial potential for carbon sequestration and emissions reduction. This sector includes a diverse array of projects such as reforestation, afforestation, sustainable agricultural practices, and soil carbon sequestration. These initiatives not only contribute to mitigating climate change but also enhance biodiversity, improve soil health, and promote sustainable land management practices. Forestry and Land Use remains the largest category of carbon credits by transaction volume, despite the overall volumes declining in 2023. The volume of Agriculture credit transactions also continued to grow in 2023, marking a fourth consecutive year of growth since 2019. The sustained growth in this sector is attributed to the rising demand of credits that offer co-benefits. In 2023, VCM buyers continued to place a premium on carbon credits from projects that offer “beyond carbon” environmental and social co-benefits, such as preserving and restoring biodiversity, contributing to water security, or supporting sustainable local economies. This indicates how much more buyers value removal credits over credits that represent emissions reductions only.

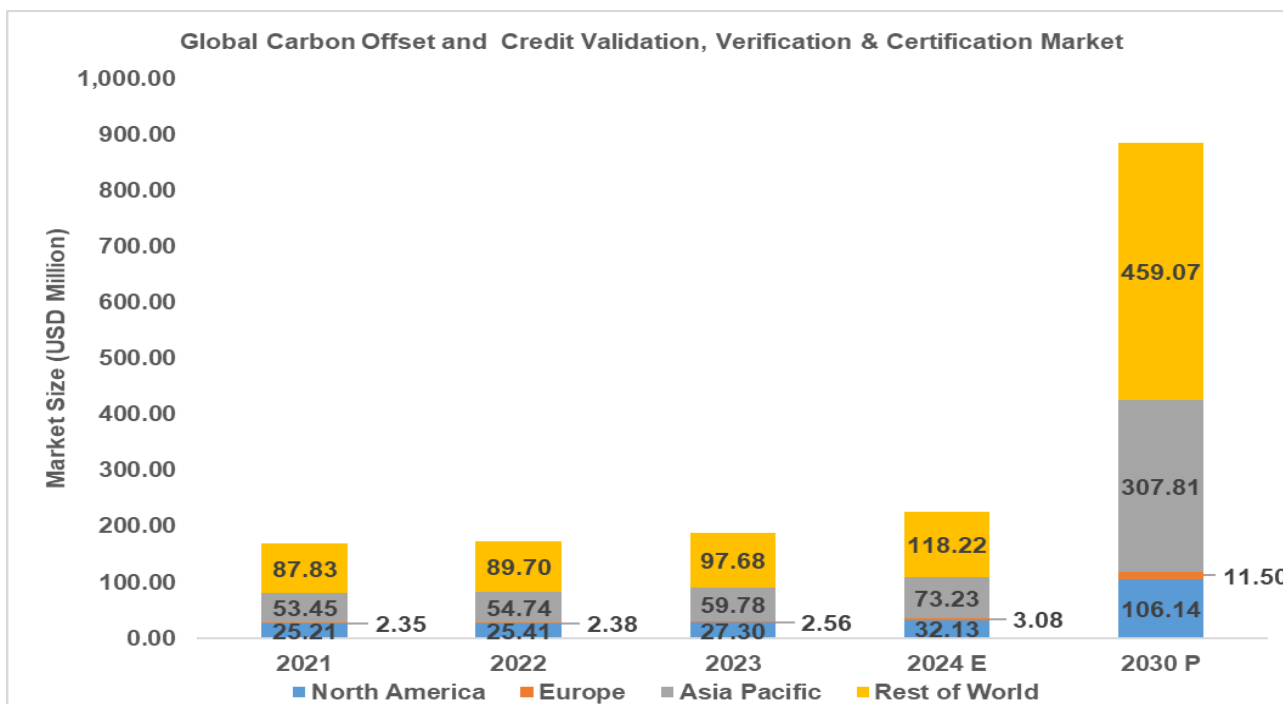
Despite low share in the market, the transportation sector is also witnessing a growing adoption of sustainable transportation solutions and expanding infrastructure for electric vehicles to curb emissions from transportation.

### Trend (2021-2023) and outlook (2024-2030) of Global Carbon Offset/ Credit VVC Market by Key Regions

The Region segment in the global carbon credit validation includes North America, Europe, Asia Pacific, and RoW (Rest of the World). Rest of the World include South America and Middle East & Africa region.

**Table 10 Global Carbon Offset/ Credit Market Size, By Region**

Global: Carbon Credit Validation, Verification & Certification Market Size, 2021-2030, (USD Million)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	25.21	25.41	27.30	32.13	106.14	22.0%
Europe	2.35	2.38	2.56	3.08	11.50	24.6%
Asia Pacific	53.45	54.74	59.78	73.23	307.81	27.0%
Rest of World	87.83	89.70	97.68	118.22	459.07	25.4%



Source: Markets and Markets, CRISIL Research

Note: Rest of the World include South America and Middle East & Africa region.

E: Estimated; P: Projected

### Figure 19 Global Carbon Offset/ Credit Market Size, By Region

Asia-Pacific is expected to be the fastest growing region in the global economy. This presents the challenge of balancing economic growth with tackling climate change. The region is witnessing significant growth in carbon credit projects aimed at reducing greenhouse gas emissions and promoting sustainable development practices. APAC is currently the world's largest producer of carbon offsets. It had produced around 44 percent of the USD 2 billion global market in 2021. The region held largest market share of 31.9% in 2023 in Global Carbon offset/credit validation, verification and certification market across different project types which shows how the region is prioritizing the growth of green economy. Stringent environmental regulations will further fuel the growth of the VVC market in this region.

North America region is also holding a significant share in the market. The region encompasses the US and Canada, each contributing uniquely to carbon credit initiatives aimed at reducing greenhouse gas emissions and promoting environmental stewardship. Both the US and Canada have implemented comprehensive regulatory frameworks to address climate change and support carbon credit projects. In the United States, various states have implemented cap-and-trade programs, such as the Regional Greenhouse Gas Initiative (RGGI) in the Northeast and California's cap-and-trade program, aimed at reducing emissions from the energy sector.

The European Union (EU) and its member states have implemented comprehensive policies and initiatives to mitigate greenhouse gas emissions, drive sustainable development, and promote the transition to a low-carbon economy. The EU has established the world's largest emissions trading system (EU ETS). The EU ETS operates on a cap-and-trade principle, setting a limit on the total amount of greenhouse gases that can be emitted annually. In 2021, the EU introduced the Fit for 55 package, aiming to further reduce emissions by at least 55% by 2030 and achieve climate neutrality by 2050.

The Rest of World region encompasses countries outside North America, Europe, and Asia Pacific, each with unique challenges and opportunities in the global carbon credit validation, verification, and certification market. This diverse region includes emerging economies in Latin America, Africa, and the Middle East, as well as smaller economies in Oceania and other regions. While regulatory frameworks and market maturity vary widely across these countries, there is a growing recognition of the importance of mitigating greenhouse gas emissions and promoting sustainable development practices.

### Validation, Verification, and Certification Market in Asia Pacific, By sector

Asia Pacific represents a dynamic and rapidly evolving region in the global carbon credit validation, verification, and certification market. Governments and industries are increasingly focusing on regulatory frameworks, renewable energy deployment, and carbon credit projects to mitigate climate change impacts and foster sustainable growth.

**Table 11 Carbon Offset/ Credit VVC Market Size in APAC region**

Asia Pacific: Carbon Credit Validation, Verification & Certification Market size, By Sector, 2021-2030, (USD Million)						
By Sector	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
Energy & Utilities	23.84	24.55	26.96	33.21	144.36	27.7%
Transportation	0.20	0.20	0.22	0.26	0.95	24.1%
Agriculture & forestry	10.75	11.04	12.09	14.84	63.41	27.4%
Water & Wastewater	1.47	1.47	1.57	1.87	6.77	23.9%
Industrial	8.89	9.12	9.97	12.22	51.71	27.2%
Others	8.30	8.36	8.98	10.82	40.60	24.7%

Source: Markets and Markets, CRISIL Research

Note: Other include Building & Construction, Aviation, and Waste Disposal

E: Estimated; P: Projected

The region is experiencing rapid growth in renewable energy investments and clean technology adoption. Countries like China, India, Japan, and South Korea are investing heavily in solar, wind, hydroelectric, and biomass energy projects to diversify their energy mix and reduce reliance on fossil fuels. According to the report 'Renewable Capacity Statistics-2024, released by International Renewable Energy Agency (IRENA), 473 GW of renewables expansion was led by Asia with a 69% share (326 GW). Majority of the REDD+ projects under the Forestry and Land Use Project category are located in this region.

### Validation, Verification, and Certification Market in North America, By sector

North America hosts a diverse range of carbon credit projects across sectors including energy, agriculture, forestry, and industrial processes. These projects focus on emissions reductions through energy efficiency improvements, renewable energy deployment, sustainable agricultural practices, and forest conservation initiatives. Rigorous validation, verification, and certification processes ensure the credibility and transparency of these projects, attracting investments from businesses, financial institutions, and international markets.

**Table 12 Carbon Offset/ Credit VVC Market Size in North-America region**

North America: Carbon Credit Validation, Verification & Certification Market size, By Sector, 2021-2030, (USD Million)						
By Sector	2021	2022	2023	2024E	2030P	CAGR (2024-2030)
Energy & Utilities	10.98	11.11	11.98	14.15	47.87	22.5%
Transportation	0.12	0.12	0.13	0.15	0.44	19.9%
Agriculture & forestry	5.01	5.06	5.44	6.42	21.44	22.3%
Water & Wastewater	0.73	0.75	0.76	0.87	2.45	18.7%
Industrial	4.05	4.05	4.32	5.04	15.92	21.1%
Others	4.32	4.32	4.67	5.49	18.02	21.9%

Source: Markets and Markets, CRISIL Research

Note: Other include Building & Construction, Aviation, and Waste Disposal

E: Estimated; P: Projected

Through innovative policies, technological advancements, and diverse carbon credit projects, the region continues to make strides in reducing greenhouse gas emissions, fostering clean energy adoption, and promoting environmental stewardship. Both the United States and Canada have made significant investments in renewable energy infrastructure, grid modernization, and energy storage solutions to facilitate the transition to a low-carbon economy. The United States is the second-largest producer of wind energy globally after China and continues to expand its solar photovoltaic capacity.

**Validation, Verification, and Certification Market in Europe, By sector**

Europe stands as a pioneering region, renowned for its ambitious climate targets, robust regulatory frameworks, and leadership in adopting policies and initiatives to mitigate greenhouse gas emissions, drive sustainable development, and promote the transition to a low-carbon economy.

**Table 13 Carbon Offset/ Credit VVC Market Size in Europe region**

Europe: Carbon Credit Validation, Verification & Certification Market size, By Sector, 2021-2030, (USD Million)						
By Sector	2021	2022	2023	2024E	2030P	CAGR (2024-2030)
Energy & Utilities	1.02	1.04	1.13	1.36	5.29	25.3%
Transportation	0.01	0.01	0.01	0.01	0.04	26.0%
Agriculture & forestry	0.47	0.48	0.52	0.62	2.36	24.9%
Water & Wastewater	0.07	0.07	0.07	0.08	0.26	21.6%
Industrial	0.38	0.38	0.40	0.48	1.74	23.9%
Others	0.40	0.40	0.43	0.52	1.81	23.1%

Source: Markets and Markets, CRISIL Research

Note: Other include Building & Construction, Aviation, and Waste Disposal

E: Estimated; P: Projected

In 2022, the EU Commission published the RePower EU, which set out a series of measures to rapidly reduce the EU's dependence on fossil fuels well before 2030 by accelerating the clean energy transition. To further and accelerate the deployment of renewables, European Investment Bank (EIB) group committed to financing and supporting renewable projects for EU energy security and green economy.

Europe is driving significant emissions reductions, fostering innovation, and promoting environmental stewardship. The region's rigorous validation, verification, and certification mechanisms ensure transparency and accountability, making Europe a key player in shaping the future of global climate action and sustainable finance.

### Validation, Verification, and Certification Market in RoW (Rest of the World), By sector

The Rest of World region encompasses countries outside North America, Europe, and Asia Pacific. This diverse region includes emerging economies in Latin America, Africa, and the Middle East, as well as smaller economies in Oceania and other regions.

While regulatory frameworks and market maturity vary widely across these countries, there is a growing recognition of the importance of mitigating greenhouse gas emissions and promoting sustainable development practices. Many countries in the region are in the process of developing or enhancing their regulatory frameworks to address climate change and support carbon credit initiatives. Some countries have implemented emissions trading schemes, carbon pricing mechanisms, and renewable energy targets to incentivize emissions reductions and promote clean energy investments. However, regulatory uncertainty and political stability issues in certain regions can pose challenges to the adoption and implementation of carbon credit projects.

**Table 14 Carbon Offset/ Credit VVC Market Size in RoW region**

Rest of World: Carbon Credit Validation, Verification & Certification Market size, By Sector, 2021-2030, (USD Million)						
By Sector	2021	2022	2023	2024	2030	CAGR (2024-2030)
Energy & Utilities	39.19	40.30	44.19	53.86	218.06	26.2%
Transportation	0.34	0.34	0.36	0.42	1.38	21.8%
Agriculture & forestry	18.50	18.96	20.73	25.19	100.08	25.9%
Water & Wastewater	2.05	2.09	2.12	2.48	7.80	21.1%
Industrial	14.22	14.38	15.71	18.94	72.07	24.9%
Others	13.54	13.62	14.57	17.33	59.68	22.9%

Source: Markets and Markets, CRISIL Research

Note: Other include Building & Construction, Aviation, and Waste Disposal

E: Estimated; P: Projected

The Rest of World region presents significant opportunities for technological adoption and investment in clean energy technologies and carbon credit projects. There is increasing interest from international investors, development banks, and multilateral organizations in supporting renewable energy deployment, energy efficiency improvements, and sustainable development initiatives across these regions.

### State and trends of ESG Advisory Services Landscape

The ESG Advisory market offers diverse services to address the multifaceted needs of companies aiming to enhance their environmental, social, and governance (ESG) performance. These services are crucial for organizations seeking to align with sustainability goals and regulatory requirements while also meeting the expectations of investors and other stakeholders. Comprehensive strategy and planning services lay the foundation of a company's ESG journey. ESG advisory service providers in this segment work collaboratively with organizations to develop clear, measurable, and ambitious ESG goals that align with the overall business strategy. They help integrate ESG considerations into core business operations, decision-making processes, and long-term planning. This integration ensures that ESG principles are not just add-ons but are embedded into the company's fabric.

Key services in this market includes creating detailed ESG roadmaps, outlining the steps necessary to achieve these goals. These roadmaps include timelines, resource allocation, and key milestones, providing a structured approach to ESG implementation. Objectively assessing a company's ESG performance is critical, and this is where testing, auditing, and verification services come into play. These services involve conducting comprehensive ESG performance assessments against established standards and frameworks, such as the Global Reporting Initiative (GRI) Standards. Service providers verify the accuracy and integrity of the ESG data reported by companies, ensuring transparency and accountability.

Effective communication of a company's ESG efforts is essential for attracting stakeholders and building trust. Sustainability marketing services focus on developing comprehensive sustainability communication strategies. These strategies are designed to clearly convey a company's ESG commitments, achievements, and impact to

stakeholders. Service providers assist in preparing sustainability reports that are transparent, comprehensive, and aligned with relevant frameworks.

Addressing specific ESG issues often requires specialized expertise provided through technical support services. These services cover a range of technical aspects, including carbon footprint measurement and management. Service providers help companies measure their carbon footprint accurately and develop effective strategies to reduce greenhouse gas emissions. They also provide guidance on implementing sustainable waste management practices, promoting efficient resource use, and minimizing environmental impact. Additionally, technical support includes assisting companies in transitioning towards a circular economy model, which focuses on minimizing waste and maximizing resource reuse. This transition is critical for achieving long-term sustainability and resource efficiency.

Stricter regulations around ESG disclosure and reporting requirements are driving companies to seek advisory services to ensure compliance. Investors, customers and other stakeholders are placing greater emphasis on ESG performance, compelling companies to invest in ESG advisory services. Companies are setting ambitious sustainability goals and need expert guidance to develop and implement effective ESG strategies.

The rapid growth in the market due to changes in ESG-related regulations and standards comes with challenges including hurdle to access reliable and consistent ESG data, shortage of qualified sustainability professionals, and the risk of green washing making misleading claims. ESG Advisory services are needed to help companies navigate through these challenges.

**Table 15 Global ESG Advisory Market Size, By Region**

Global: ESG Advisory Market Size, By Region 2021-2030, (USD Million)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	3,081	3,603	4,374	4,780	16,391	22.8%
Europe	2,850	3,259	3,863	4,233	11,312	17.8%
Asia Pacific	1,947	2,482	3,266	3,624	20,887	33.9%
Middle East & Africa	638	782	994	1,109	5,255	29.6%
South America	1,227	1,420	1,704	1,875	5,743	20.5%

Source: Markets and Markets, CRISIL Research

Note: E : Estimated; P: Projected

The ESG and Sustainability consulting market has grown substantially, reaching USD 14 billion in 2023 and projected to reach around USD 60 billion by 2030. This growth indicates strong demand for ESG advisory services.

### **Strategic acquisitions fueling the growth and competitiveness in the market**

The ESG advisory market has experienced a notable trend of acquisitions as firms seek to broaden their service offerings and expand their geographic reach. This trend is driven by the increasing demand for sustainability solutions and compliance with stringent environmental regulations from corporates. ERM's recent acquisitions of NINT, Point Advisory, and Stratos Inc. reflect a strategic focus on bolstering capabilities in, carbon management and ESG advisory, climate change consultancy, and other sustainability services. Similarly, other firms like TÜV SÜD and LRQA have made significant acquisitions to strengthen their positions in the carbon management and sustainability sectors. As the market is projected to grow, driven by heightened awareness of environmental issues and regulatory pressures, these strategic acquisitions will become essential for firms aiming to remain competitive. The mergers and acquisitions within the industry not only allow companies to diversify their expertise but also positions them to better address the complex challenges associated with environmental sustainability, ultimately enhancing their ability to serve clients effectively in an evolving landscape.

### **Trend (2021-2023) and outlook (2024-2030) of ESG Advisory Market by Service type and Key Regions**



The ESG Advisory Service market offers various types of services. These services are segmented by service type into Strategy and Planning, Testing, Auditing & Verification, Sustainability Marketing, and Technical Support.

**Table 16 Global ESG Advisory Market Size, By Service Type**

Global: ESG Advisory Market size, By Service Type, 2021-2030, (USD Million)						
By Type	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
<b>Strategy &amp; planning</b>	2,743	3,323	4,175	4,645	20,370	27.9%
<b>Testing</b>	1,014	1,178	1,420	1,544	5,117	22.1%
<b>Auditing &amp; verification</b>	2,265	2,693	3,323	3,657	14,216	25.4%
<b>Sustainability marketing</b>	2,826	3,302	4,005	4,367	14,922	22.7%
<b>Technical support</b>	895	1,050	1,278	1,408	4,962	23.4%

Source: Markets and Markets, CRISIL Research

Note: E : Estimated; P: Projected

### Strategy and Planning

Strategy & planning captured 29.4 % of the market in 2023. The strategy & planning segment is the cornerstone of the ESG Advisory market, serving as the foundation for a company's entire ESG journey. This segment is projected to hold the largest market share within the ESG Advisory market due to its fundamental nature, setting the direction for all other ESG activities. The high growth anticipated in this segment is driven by the increasing number of companies embarking on their ESG initiatives. Many companies lack the internal expertise required to develop a comprehensive ESG strategy, relying heavily on external advisory to fill this gap. The complexity of ESG considerations, encompassing a wide range of environmental, social, and governance factors, necessitates expert guidance to navigate and prioritize these issues effectively. Additionally, companies must ensure that their ESG strategies align with their overall business goals and risk management frameworks, making strategy and planning essential.

Key services offered within the strategy and planning segment include materiality assessments identifying the most significant ESG issues impacting the company, its stakeholders, and the environment. This process involves engaging with stakeholders, conducting industry analyses, and performing life cycle assessments to determine the critical focus areas. ESG goal setting is another vital service involving the development of SMART goals—Specific, Measurable, Achievable, Relevant, and Time-bound—for ESG performance. These goals must be ambitious yet achievable, considering the company's current baseline and industry benchmarks to ensure they are both challenging and realistic.

Crafting a comprehensive ESG strategy is central to the planning process. This strategy outlines the company's approach to addressing material ESG issues, including defining long-term goals, outlining key initiatives, and assigning responsibilities. By integrating ESG considerations into core business operations and decision-making processes, companies can embed sustainability into their investment criteria, supply chain management practices, and product development processes. Scenario planning and risk assessment are also crucial components of the strategy and planning segment. These services involve identifying potential ESG risks and opportunities related to climate change, social unrest, resource scarcity, etc. Companies develop mitigation strategies for these risks and capitalize on opportunities to enhance their resilience and create competitive advantages. A well-developed stakeholder engagement strategy is essential for effective communication and engagement with various stakeholders, including investors, employees, communities, and regulators, on ESG issues. This ensures the company maintains transparency and builds trust with its stakeholders, fostering stronger relationships and a better reputation.

**Table 17 ESG Advisory (Strategy & Planning) Market, By Region**

Strategy & planning: ESG Advisory Market, By Region, 2021–2030 (USD Million)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	800	963	1,202	1,332	5,497	26.7%
Europe	822	957	1,155	1,282	3,878	20.3%
Asia Pacific	595	769	1,028	1,149	7,357	36.3%
Middle East & Africa	191	237	305	342	1,752	31.3%
South America	336	396	485	540	1,887	23.1%

Source: Markets and Markets, CRISIL Research

Note: E : Estimated; P: Projected

### Testing

Testing captured 10.0 % of the market in 2023. The testing segment within the ESG Advisory market plays a vital role in verifying the authenticity of a company's ESG claims and ensuring the credibility of its sustainability efforts. ESG testing involves independently verifying a company's ESG performance against specific standards or frameworks. This process includes validating the accuracy and completeness of reported ESG data, assessing the effectiveness of ESG management systems, and ensuring compliance with relevant ESG regulations and industry standards. There are several types of ESG testing. Third-party verification involves independent verification by accredited bodies to enhance a company's credibility and transparency. Internal audits are self-assessments conducted by companies to identify gaps and areas for improvement in their ESG practices. Gap analysis involves comparing a company's practices against best practices or specific ESG frameworks to identify areas needing enhancement.

The demand for ESG testing is growing significantly due to increasing scrutiny from investors, regulatory pressures, and stakeholder concerns about greenwashing. Despite this growing demand, the pool of qualified ESG auditors and verifiers is currently limited, which could impact service availability and pricing. The lack of universal ESG standards also presents challenges in establishing consistent testing methodologies across different sectors and regions. Key services offered in the ESG testing segment include ESG data verification, which ensures the accuracy and completeness of reported data across various metrics, such as environmental (emissions, waste), social (employee diversity, labour practices), and governance (board composition, anti-corruption measures). ESG management system verification assesses the effectiveness of a company's systems in identifying, managing, and mitigating ESG risks. Sustainability reporting verification ensures that sustainability reports comply with relevant frameworks like GRI Standards or SASB Standards. ESG gap analysis identifies discrepancies between a company's current practices and best practices or specific frameworks.

For companies, ESG testing offers several benefits. Independent verification enhances the credibility of their ESG claims, building trust with stakeholders. It also promotes transparency in sustainability reporting, demonstrating a company's commitment to ESG principles. By reducing the risk of greenwashing accusations, companies can protect themselves from potential reputational damage. Moreover, ESG testing helps identify areas for improvement, enabling companies to enhance their overall ESG performance. Several challenges and considerations will shape the future of ESG testing. Developing universal ESG standards and harmonized verification methodologies is crucial for ensuring consistent and reliable testing. Ensuring a sufficient pool of qualified ESG auditors with industry-specific knowledge will be necessary to meet the growing demand for these services. Additionally, leveraging technological advancements for data collection, analysis, and reporting can improve the efficiency and transparency of the testing process, further strengthening the integrity of ESG verification efforts.

**Table 18 ESG Advisory (Testing) Market, By Region**

Testing: ESG Advisory Market, By Region, 2021–2030 (USD Million)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	308	345	399	421	922	13.9%
Europe	334	384	458	504	1,397	18.6%
Asia Pacific	158	203	269	300	1,832	35.3%
Middle East & Africa	69	83	104	115	474	26.5%
South America	145	163	190	204	491	15.7%

Source: Markets and Markets, CRISIL Research

Note: E: Estimated; P: Projected

### Auditing and Verification

Auditing & verification captured 23.4 % of the market in 2023. The auditing & verification segment within the ESG advisory market is integral to maintaining the credibility and transparency of corporate ESG performance. These services are essential for ensuring that a company's ESG claims are accurate and reliable, fostering stakeholder trust.

Auditing and verification in the ESG context encompass a range of services designed to scrutinize and authenticate a company's ESG data and practices. One of the primary services offered is the independent verification of ESG reports, where a company's ESG data and claims are assessed against established standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). This ensures that the information disclosed is accurate and adheres to recognized guidelines. Moreover, verification can target specific ESG aspects, such as greenhouse gas emissions, social responsibility practices, or the sustainability of supply chains. This targeted approach helps companies address areas of concern and improve their overall ESG performance. Another critical service is assurance engagements, which provide a more rigorous examination compared to basic verification. Assurance engagements involve offering an expert opinion on the fairness and accuracy of a company's ESG disclosures, thereby enhancing the credibility of the reported information.

Several factors are driving the demand for ESG auditing and verification services. A significant driver is the growing demand for verified ESG data from investors. Investors are increasingly using ESG data to inform their investment decisions, and verified data provides confidence that the information is reliable. Additionally, regulatory pressures are mounting, with directives like the EU Corporate Sustainability Reporting Directive (CSRD) mandating sustainability reporting and verification for certain companies. This regulatory landscape is compelling companies to adopt verified ESG reporting practices. Enhanced stakeholder trust is another crucial driver. Verified ESG reports help build trust with various stakeholders, including customers, non-governmental organizations (NGOs), and employees, who are all increasingly concerned with corporate sustainability practices.

The ESG auditing and verification market is witnessing several notable trends. One such trend is the standardization of verification methodologies. Technological advancements are also playing a significant role in transforming the verification process. Innovations in data analytics and blockchain technology are being utilized to streamline verification processes, enhance data security, and reduce the potential for errors. These technologies enable more efficient handling and analysis of large datasets, which is crucial for accurate ESG verification. Additionally, there is an increased demand for third-party verification services. As greenwashing concerns grow, companies increasingly seek independent verification to substantiate their ESG claims and avoid reputational risks.

**Table 19 ESG Advisory (Auditing and Verification) Market, By Region**

Auditing and Verification: ESG Advisory Market, By Region, 2021–2030 (USD Million)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	699	828	1,018	1,120	4,183	24.5%
Europe	631	717	845	921	2,346	16.8%
Asia Pacific	502	636	832	920	5,065	32.8%
Middle East & Africa	156	192	244	273	1,322	30.1%
South America	277	320	385	423	1,301	20.5%

Source: Markets and Markets, CRISIL Research

Note: E: Estimated; P: Projected

### Sustainability Marketing

Sustainability marketing captured 28.2 % of the market in 2023. Sustainability marketing is an increasingly important facet of the ESG advisory market, assisting companies in effectively communicating their environmental, social, and governance initiatives to stakeholders. This type of marketing is crucial for building public trust and fostering strong relationships with consumers, investors, and other key audiences. Below, we explore the services provided, market drivers, regulatory landscape, trends, and challenges of sustainability marketing. Sustainability marketing offers a suite of services designed to enhance a company's communication about its ESG initiatives. One of the primary services is developing a comprehensive sustainability marketing strategy. This involves aligning the company's marketing goals with its broader ESG objectives and identifying target audiences most likely to value its sustainability efforts.

Another key service is creating compelling sustainability messaging. This entails crafting clear and impactful communications that effectively highlight the company's ESG initiatives and achievements. Well-crafted messaging ensures that the company's sustainability efforts resonate with stakeholders. In addition to strategy and messaging, sustainability marketing also involves developing sustainability-focused content. This can range from engaging website content and social media campaigns to detailed annual sustainability reports. These content forms are critical for keeping stakeholders informed and engaged with the company's ongoing ESG efforts. Moreover, sustainability marketing includes measures to avoid greenwashing. Companies must ensure that all marketing claims are accurate and supported by verifiable data. This helps prevent accusations of misleading stakeholders and maintains the company's credibility.

Several factors are fuelling the growth of sustainability marketing. One primary driver is the increasing consumer demand for sustainable products and services. Modern consumers are more likely to base their purchasing decisions on a company's environmental and social responsibility. Consequently, companies that effectively communicate their sustainability efforts can attract and retain more customers. Investors focusing on ESG factors is another significant driver. Investors are increasingly looking at companies with strong sustainability practices as more attractive investment opportunities. Effective sustainability marketing helps these companies stand out in the eyes of investors. Additionally, sustainability marketing provides a competitive advantage. Companies that successfully highlight their ESG efforts in a crowded marketplace can differentiate themselves from their competitors, thus gaining a market edge. The regulatory landscape for sustainability marketing includes several essential considerations. Regulations against greenwashing, for example, exist in various regions to prevent companies from making misleading claims about their environmental benefits. Understanding and complying with these regulations is crucial for effective and lawful sustainability marketing.

Consumer protection laws also play a significant role. Companies must ensure that their marketing claims are truthful and not deceptive, as any false claims can lead to legal consequences and damage the company's reputation. Consumers increasingly demand transparency and traceability. Solid data should back marketing messages and include traceable claims to meet these demands. Providing transparent information helps build trust and credibility with stakeholders. Data-driven marketing is another emerging trend. Companies are using data to measure the impact of their sustainability marketing campaigns. This data-driven approach allows companies to refine their strategies and demonstrate the effectiveness of their efforts. The integration with social media is also significant. Social media platforms offer powerful tools for companies to communicate

their sustainability stories to a wide audience. These platforms enable real-time engagement and allow companies to foster a dialogue with their customers. A focus on customer engagement is becoming increasingly important. Sustainability marketing is evolving from one-way communication to fostering meaningful interactions with customers. Engaging customers in the company’s sustainability journey helps build long-term loyalty and advocacy.

**Table 20 ESG Advisory (Sustainability Marketing) Market, By Region**

Sustainability Marketing: ESG Advisory Market, By Region, 2021–2030 (USD Million)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	924	1,072	1,289	1,401	4,484	21.3%
Europe	836	940	1,096	1,185	2,779	15.2%
Asia Pacific	516	648	840	925	4,738	31.3%
Middle East & Africa	175	213	270	300	1,367	28.7%
South America	376	430	510	556	1,555	18.6%

Source: Markets and Markets, CRISIL Research

Note: E: Estimated; P: Projected

### Technical Support

Technical support captured 9.0 % of the market in 2023. The technical support segment within the ESG advisory market is vital for helping companies implement and sustain their ESG practices effectively. This segment provides essential services that facilitate the collection, analysis, and reporting of ESG data, ensuring that companies meet regulatory requirements and stakeholder expectations. Below, we delve into the services offered, market drivers, regulatory considerations, and key facts surrounding technical support in ESG. Technical support in the ESG realm encompasses a variety of services that assist companies in managing their ESG initiatives. One critical service is ESG data management. This involves helping companies efficiently collect, analyze, and report ESG data. Technical support providers set up data management systems, define data collection protocols, and ensure data quality, allowing companies to maintain accurate and reliable ESG records. Another key service is ESG software implementation. Technical support teams assist companies in selecting and deploying software solutions tailored to managing ESG performance. These solutions might include tools for tracking carbon footprints, managing waste, or measuring social impact. Companies can streamline their ESG processes and enhance data accuracy by implementing these software solutions. Sustainability reporting assistance is also a significant component of technical support. This service guides companies through preparing and publishing ESG reports, ensuring compliance with established frameworks such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Technical support teams provide the expertise needed to navigate these complex reporting standards. Furthermore, technical training is an essential service provided by technical support teams. They offer training programs for employees on various aspects of ESG, including greenhouse gas accounting and social responsibility practices. This training ensures that employees are knowledgeable and competent in executing the company’s ESG strategies.

Several factors drive the demand for technical support in the ESG advisory market. One significant driver is the growing complexity of ESG reporting. As ESG reporting frameworks evolve and become more intricate, companies face challenges in maintaining compliance without the expertise provided by technical support. Additionally, there is an increased focus on data-driven ESG management. Companies are recognizing the importance of collecting and analysing data to make informed ESG decisions. Technical support facilitates this process by providing the tools and expertise to handle vast amounts of ESG data. The need for efficient data management is another crucial driver. Large companies often generate extensive amounts of ESG data, requiring robust systems to manage and analyze this information. Technical support ensures these systems are in place, enabling companies to maintain high standards of data integrity and accessibility. In the realm of ESG technical support, several regulatory considerations must be considered. Data privacy regulations, such as the General Data Protection Regulation (GDPR), are paramount. Technical support providers must ensure that their data handling practices comply with these regulations to protect sensitive ESG data. Cybersecurity

concerns are also significant. As companies store and manage large volumes of ESG data, they become targets for cyber threats. Technical support providers must implement robust security protocols to safeguard against data breaches and ensure the integrity of ESG information.

**Table 21 ESG Advisory (Technical Support) Market, By Region**

Technical Support: ESG Advisory Market, By Region, 2021–2030 (USD Million)						
Region	2021	2022	2023	2024 E	2030 P	CAGR (2024-2030)
North America	349	396	466	506	1,305	17.1%
Europe	228	261	309	342	912	17.8%
Asia Pacific	177	226	297	331	1,896	33.8%
Middle East & Africa	47	57	71	79	340	27.5%
South America	94	110	135	151	510	22.5%

Source: Markets and Markets, CRISIL Research

Note: E: Estimated; P: Projected

ESG is no longer seen as an add-on but as a fundamental component of business strategy. Several factors are driving the importance of ESG integration and strategy formulation. Regulatory pressure is increasing, with more regulations mandating sustainability reporting and disclosures, necessitating a well-defined ESG strategy for compliance. Additionally, there is a growing focus on stakeholder capitalism, where companies consider the interests of all stakeholders, not just shareholders. Investors are also placing greater emphasis on ESG performance, with many prioritizing companies that demonstrate a strong commitment to sustainability. This makes a robust ESG strategy essential for attracting capital. Furthermore, a well-defined ESG strategy can enhance a company’s brand reputation and build trust with customers and stakeholders, providing a competitive edge in the market. Managing ESG-related risks is another critical driver, as these factors can pose significant threats to a company’s operations and long-term sustainability. This necessitates the ESG Advisory services that addresses the concerns of diverse groups, promoting a more inclusive and sustainable approach to business.

### **Carbon Market: A maturing Landscape amid Opportunities and Obstacles**

#### **Coordinated global climate action are expected to boost the carbon market growth**

More countries and regions are developing their own carbon pricing mechanisms, leading to an expansion of the global carbon market. According to the World Bank Carbon Pricing Dashboard, as of June 2024, 110 carbon pricing instruments (36 ETSs, 39 carbon taxes, and 35 governmental crediting mechanisms) have been implemented in 53 national jurisdictions and 40 sub-national jurisdictions, with more planning to implement them in the future. This growth is attributed to positive developments during COP26 around Article 6 of the Paris Agreement, whereby carbon credits can be traded to meet countries' Nationally Determined Contributions (NDCs), as well as growth in the self-regulated Voluntary Carbon Markets (VCM), driven by demand from companies to meet their voluntary climate commitments. Domestic compliance market instruments, namely Emission Trading Systems and carbon taxes, have also been growing.

Compliance and Article 6 markets are key to enhancing long-term goals. On the other hand, VCMs play a pivotal role in directing immediate climate finance. Well-designed Voluntary Carbon Markets will be instrumental in facilitating payments for emission reductions, offering a source of financing for climate actions. These also help build capacity to support compliance and Article 6 implementation.

#### **Investor push and stringent regulations to drive corporate action**

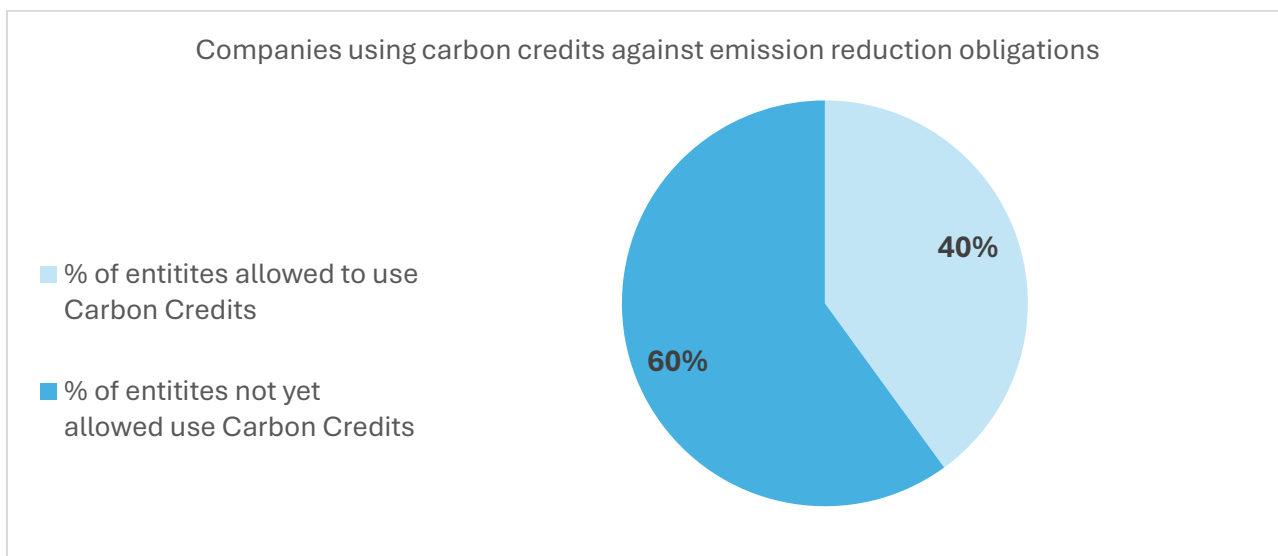
Demand for voluntary carbon offset is predominantly driven by companies with a sustainability infused corporate strategy as a core driver. When it comes to driving sustainability, investors worldwide have put corporations and regulators on notice. Consumer awareness and preferences is another factor influencing sustainable industrial practices. In that light, growing recognition of environmental responsibility and the commitments made by companies worldwide to achieve net-zero emission targets and invest in the decarbonization ecosystem will continue to drive growth of the voluntary markets.

### CBAM expected to incentivize corporations to participate in the carbon markets

EU's CBAM (Carbon Border Adjustment Mechanism), introduced in 2023, is expected to speed up the introduction of carbon emission pricing in other nations. CBAM aims to prevent carbon leakage by putting a price on the embedded carbon footprint of imported goods, thereby incentivizing cleaner production in non-EU countries and safeguarding competitiveness of industries operating in EU. Since the launch, companies exporting to the EU have to report on the emissions that are caused by the production and transportation of certain goods - their 'embedded emissions'. From January 1, 2026, they will have to pay for these emissions. Initial sectors covered by CBAM are electricity, hydrogen, cement, fertilizers, aluminum, iron, and steel. This is set to be expanded to include aviation, maritime, lime, oil refining, all metals, pulp and paper, glass and ceramics, acids, and organic chemicals by 2030. This, in turn, is expected to lead to an increase in demand for verified carbon credits as businesses seek to offset their emissions to comply with CBAM regulations. The UK has already announced that it will introduce a CBAM scheme of its own from 2027.

### Allowing use of carbon credits generated outside the country against obligations to support growth in carbon markets

Governments allow regulated entities to use carbon credits toward their GHG obligations to increase flexibility, lower compliance costs, and extend the carbon price signal to uncovered sectors. As of January 2024, around 40% of carbon pricing instruments in operation (7 carbon taxes and 23 ETSs), allow for the use of carbon credits to offset liabilities. Almost all jurisdictions only permit the use of domestically generated carbon credits. Singapore began allowing businesses liable to pay the carbon tax to use international carbon credits that meet defined environmental integrity criteria to offset up to 5% of their taxable emissions in January 2024. Carbon taxes permitting the use of domestically generated carbon credits to offset tax liabilities include Chile, Colombia, and South Africa. Among ETSs, California, Mexico, and the Republic of Korea, as well as others, allow for the limited use of carbon credits from specified crediting mechanisms. This will expand the availability of carbon credits markets to the entities in these geographies.



Source: World Bank.

Note: As of April 2024, Carbon taxes that allow regulated entities to use carbon credits include: Chile CT, Mexico CT, Colombia CT, Queretaro CT, South Africa CT, Switzerland CT, and Singapore.

Emission trading schemes that allow regulated entities to use carbon credits against obligations include: Australia ETS, Indonesia ETS, Kazakhstan ETS, Saitama ETS, Tokyo ETS, Canada Federal ETS, Alberta ETS, British Columbia ETS, Shenzhen pilot ETS, Fujian pilot ETS, Guangdong pilot ETS, Hubei pilot ETS, Mexico pilot ETS, Tianjin pilot ETS, Chongqing pilot ETS, Washington ETS, Beijing pilot ETS, China national ETS, RGGI, Shanghai pilot ETS, Quebec ETS, California ETS, Rep. of Korea ETS.

### **SEC adopts rules to enhance and standardize climate-related disclosures for investors**

In March 2024, the SEC issued final rules to mandate companies to disclose climate-related information, including the use of carbon credits. The final rules will require a registrant to disclose the capitalized costs, expenditures expensed, and losses related to carbon offsets and renewable energy credits or certificates (RECs) if used as a material component of a registrant's plans to achieve its disclosed climate-related targets or goals, disclosed in a note to the financial statements. This is expected to standardize the businesses to comprehensively disclose their emissions and carbon credit usage.

### **SEBI's Proposal to include Green Credit Program under BRSR Framework**

In the Union Budget for FY24, the Green Credit Program (GCP) was proposed to be notified under the Environment (Protection) Act, 1986 to encourage behavioral change by incentivizing environmentally sustainable and responsive actions by companies, individuals and local bodies and help mobilize additional resources for these activities.

SEBI's recent consultation paper, published on May 22, 2024, proposes a new incentive for listed companies and their value chains to embrace environmentally sustainable practices. SEBI has proposed that 'green credits' generated by the listed company and the value chain partners can be added as a leadership indicator under Principle 6 of Business Responsibility and Sustainability Reporting (BRSR) framework, which states that businesses should respect and make efforts to protect and restore the environment. The Green Credits can be generated by a listed company and its value chain partners through plantations of trees on waste or degraded lands and river catchment areas. Inclusion of green credit disclosures in BRSR is expected to drive demand for these credits. Companies and their value chain partners seeking to demonstrate leadership will be incentivized to participate in generation or acquiring green credits through verified projects. This move from SEBI is expected to spur the need for independent verification of the environmental claims by the listed companies.

### **Concessions from SBTi expected to help carbon markets**

The Science Based Targets initiative (SBTi), a leading framework for companies to set science-based targets beyond supply chain emissions, has recently made a significant shift by allowing the use of verified carbon credits to achieve these targets. The SBTi board has allowed a statement to say that they are considering a change of policy for use of credits in Scope 3 abatement. As of May 2024, SBTi is working with more than 8,000 companies to set science-based targets and more than 5,500 of those companies already have an approved target. The decision to use VCM credits to offset some Scope 3 emissions could drive a major increase in the demand for VCM credits, given the high volume of emissions typically associated with Scope 3. This will further lead to a surge in demand for credible verification of carbon credit projects to ensure they contribute meaningfully to emissions reductions and meet SBTi criteria.

### **World Bank intervention to help boost supply and add further credibility to the market**

The World Bank has laid out ambitious plans for the growth of high integrity global carbon markets. Under this plan, 15 countries are set to earn income from the sale of carbon credits generated from preserving their forests. It is expected that, by the end of 2024, these countries will have produced over 24 million credits, and as many as 126 million by 2028. These credits could earn up to \$2.5 billion in the right market conditions. Thriving carbon markets have the potential to do the same for other countries in the long-term. The 15 countries-Chile, Costa Rica, Cote d'Ivoire, Democratic Republic of Congo, Dominican Republic, Fiji, Ghana, Guatemala, Indonesia, Lao PDR, Madagascar, Mozambique, Nepal, Republic of Congo, and Viet Nam-are part of the World Bank's Forest Carbon Partnership Facility (FCPF). This is expected to increase the supply of carbon credits and lend credibility to the market.

### **New Carbon Exchanges expected to enhance access to markets**

The Asia region is witnessing an emergence of new carbon exchanges in response to the growing attention towards VCM. In India, Power Exchange India Ltd (PXIL), promoted by NSE and NCDEX, is expected to launch its carbon-credit trading platform by the second quarter of FY25, to support the emerging Green Credit Trading Scheme (GCTS). Other examples within Asia include the introduction of Malaysia's National Voluntary carbon market, Thailand's first VCM credit exchange, and Climate Impact X, a carbon trading hub hosted by Singapore.



### **New crediting mechanisms to boost supply outlook, balancing recent fall in issuances**

New and planned crediting mechanisms and approaches are expected to improve the supply outlook, targeting different demand segments across the domestic-international and voluntary-compliance spectrums. Demand for carbon credits continues to be mostly driven by voluntary purchases, although compliance demand is emerging. Governments, particularly in middle-income countries, are increasingly including crediting frameworks in their policy mix, with a view to supporting both compliance and voluntary markets.

Some middle-income countries see the development and expansion of domestic carbon credits as a springboard for participation in international carbon markets, which can serve as a vehicle to fund the low-carbon transition. Others are focused on domestic use instead of selling carbon credits on international markets. These two motivating factors have generated significant progress on crediting mechanisms across several jurisdictions in the last year.

### **VRE Program supports purchase of Voluntary credits for Cap-and-Trade Program**

The Voluntary Renewable Electricity (VRE) Program allows purchasers of eligible voluntary renewable electricity to request retirement of allowances on their behalf under the Cap-and-Trade Program. The VRE Program supports purchases of renewable electricity and renewable energy credits (RECs) that are not mandated by the Renewables Portfolio Standard and provides a mechanism for the recognition of voluntary purchases of renewable electricity or RECS in the California Cap-and-Trade Program. This is expected to further boost demand for the RECs.

### **CORSIA to help boost growth in VCM**

Aviation is a difficult sector to abate because of the lack of alternative fuels. While aeroplane operators are considering scaling up adoption of sustainable aviation fuels and technological advancements to help reduce emissions, this remains a long-term goal. In the short to medium term, these emissions will need to be offset. To realise this opportunity, International Civil Aviation Organisation (ICAO) created The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), a systematic effort to measure, report, and verify (MRV) emissions from the aviation sector in each of its member states.

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) has been an important driver of demand. The commercial aviation sector has historically been one of the most significant purchasers of carbon credits on the VCM. During 2021-2023, pilot phase for implementation of CORSIA, airlines have been able to voluntarily buy eligible carbon credits from certain standards and project types including American Carbon Registry (ACR), Architecture for REDD+ Transactions (ART), BioCarbon Fund for Sustainable Forest Landscapes (ISFL), China GHG Voluntary Emission Reduction Program, Clean Development Mechanism (CDM), Climate Action Reserve (CAR), Forest Carbon Partnership Facility (FCPF), Global Carbon Council (GCC), The Gold Standard (GS), SOCIALCARBON, Verified Carbon Standard (VCS), to offset their carbon emissions from international flights. With 126 countries signed up to comply with the scheme, the market is expected to see a significant increase in demand for carbon credits from airlines, and a further increase from the start of the second phase in 2027.

### **Efforts have been initiated globally to build confidence around the VCMs and help avoid Greenwashing**

A trustworthy Voluntary Carbon Market will increasingly provide companies with the opportunity to use them to meet their voluntary climate commitments. Recently, several initiatives in the Voluntary Carbon Markets (VCM) have aimed to enhance market integrity by establishing common frameworks and standardizing carbon credit verification and certification.

### **The Integrity Council for the Voluntary Carbon Market**

The Integrity Council for the Voluntary Carbon Market (ICVCM) is multi-stakeholder led independent governance body that sets a quality threshold for carbon credits. It establishes and maintains the highest standards of ethics, sustainability, and transparency for the global voluntary carbon market.

To delineate high-quality credits in support of scaling the carbon market, it released its full global benchmark for high-integrity carbon credits, with the final versions of the Core Carbon Principles (CCPs), Assessment Framework, and Assessment Procedure, in 2023. The CCPs will act as a global benchmark for carbon credits that meet rigorous thresholds of the CCP criteria. The CCPs will provide a means of identifying carbon credits

that create real climate impact based on best practices. This is seen as a step in the right direction to ensure the credibility of carbon credits. Carbon crediting programmes issuing credits for voluntary buyers can already apply for CCP assessment, which will confirm whether they meet the program criteria set out in the Assessment Framework.

The Integrity Council for the Voluntary Carbon Market announced in January 2024 that it will begin assessing more than 100 active carbon credit methodologies for adherence to the high-integrity Core Carbon Principles (CCPs).

### **Voluntary Carbon Markets Integrity Initiative (VCMI)**

An important aspect of the VCM is ensuring that buyers are empowered to make credible claims that accurately and transparently describe their voluntary climate action. In 2023, VCMI launched its capstone Claims Code of Practice with the goal of building trust and confidence in how companies engage with carbon markets. The Claims Code of Practice provides companies with a rulebook on the credible use of carbon credits and associated climate claims, all with the goal of accelerating climate action. The initiative is working to publish additional modules for the Claims Code of Practice in order to make it operational for ambitious corporate entities. The Claims Code of Practice is expected to enhance demand for voluntary carbon credits in light of lower-than-expected demand through 2023. VCMI is currently conducting research to explore additional VCMI claims and an “on ramp” option which will provide a pathway towards the Silver, Gold, and Platinum claims. Other work and modules include finalised names of claims and a monitoring, reporting, and assurance framework.

### **U.S. backing of high-integrity voluntary carbon markets**

In May 2024, The United States (U.S.) Government released a Voluntary Carbon Markets Joint Policy Statement and Principles (Principles) which is aligned with VCMI's Claims Code of Practice (Claims Code). This move from the U.S. has helped build confidence among governments and businesses across the world in high-integrity VCMs and is in turn expected to support growth of the market. High-integrity voluntary carbon markets can put extra investment to work that will otherwise remain untapped. This is expected to boost overall participation and unlock investment.

### **EU Carbon Removal Certification:**

The EU carbon removal certification framework aims to scale up carbon removal activities and fight greenwashing by empowering businesses to show their action in this field. This voluntary framework sets rules for the independent verification of carbon removals, as well as rules to recognize verification schemes that can be used to demonstrate compliance with the EU framework. As the framework only recognizes activities that remove carbon, reduction credits are unable to be certified under this framework.

In February 2024, the European Parliament and the Council of the EU reached a provisional agreement on the Carbon removals and carbon farming (CRCF) Regulation, establishing the first EU-wide voluntary framework for certifying carbon removals, carbon farming and carbon storage in products generated in Europe. The regulation establishes EU quality criteria and outlines monitoring and reporting processes to facilitate investment in innovative carbon removal technologies, as well as sustainable carbon farming solutions, while addressing greenwashing.

The following projects can be certified under the CRCF Regulation:

1. Permanent Carbon Removals
2. Carbon Farming and Carbon storage in products
3. Carbon storage in long-lasting products

The high-quality carbon removals should meet the EU quality criteria for: quantification, additionality, long-term storage, and environmental sustainability.

### **COP28 Presidency, GFANZ and VCMI pledge to collaborate with Businesses, and Other Stakeholders**

In September 2023, the COP28 Presidency, the Glasgow Financial Alliance for Net Zero (GFANZ), and the Voluntary Carbon Markets Integrity Initiative (VCMI) hosted a high-level round table to promote high-integrity demand in voluntary carbon markets. The discussion emphasized the vital role of high-integrity

VCMs in the net zero transition, the need for a comprehensive integrity framework for VCMs, and the importance of clear demand signals from COP28.

The voluntary carbon market (VCM) is expected to see a surge in activity, driven by increasing corporate commitments to climate action and the growing demand for carbon offsets to achieve net-zero targets. Due diligence is also becoming much more extensive in the wake of increasing scrutiny on the provenance of carbon credits. The rapid growth in the market necessitates robust assurance and 3rd party verification systems to ensure the integrity and effectiveness of carbon offset projects.

### **New Technologies & Innovation, transforming transparency & trust**

One of the most pressing challenges in the voluntary carbon market is the lack of transparency. Carbon credits are often traded in a decentralized and non-standardized manner, making it difficult to trace the origin and history of these credits. This opacity can result in double-counting, where the same carbon credits are sold multiple times, undermining the environmental impact of these transactions.

The continuing growth of the VCM is attracting new technologies and innovation with traceability and quantification platforms. For example, the application of blockchain technology to the VCM is useful in providing auditable, traceable, and reproducible records that document the emissions process and life cycle of carbon credits. Each carbon credit is recorded as a transaction on the blockchain. This transaction includes detailed information about the credit's origin, the methods used for emission reductions, and its transfer history. Because the blockchain is immutable and decentralized, all participants can trust the information on it. This solves the problem of double counting as each credit's unique identifier prevents it from being duplicated or sold multiple times. Blockchain technology has the potential to revolutionize the voluntary carbon market by enhancing transparency and traceability. Key benefits of using blockchain include Enhanced Transparency, Reduced Fraud and Double-Counting, Improved Trust and Efficiency, Lower Transaction Costs, among others.

### **Challenges to Adoption**

Despite the inherent promise and potential opportunities, associated with the VCM, fundamental challenges impede further development and adoption of the VCM which occur over the lifecycle of the carbon credit.

#### **Asymmetry remains significant hurdle**

Increased Scrutiny in recent years has spurred positive developments in the carbon credit market. Improved methodologies, redesigned processes, and stricter governance protocols are raising the bar for credit quality. However, despite these advances, asymmetry among the frameworks creates hurdles. The VCM relies on a complex interplay of standards developed by various organizations, including Verra, Gold Standard, and the American Carbon Registry (ACR). These standards are constantly evolving, with increased emphasis on comprehensive reporting requirements, data transparency, accuracy, and traceability. The voluntary carbon market currently lacks a single, universally accepted standard for verification methodologies. This can create confusion and inconsistencies in verification practices.

Independent organizations that set standards for projects that produce carbon offsets and certify carbon credits play a significant role in today's market. At COP28, six of the largest independent crediting programs, including Verra, Gold Standard, and the Global Carbon Council, agreed to collaborate and better coordinate their approaches to certification. Initiatives like the development of core carbon principles (CCP) by Integrity Council for Voluntary Carbon Market (ICVCM) and Voluntary Carbon Market Integrity Initiative (VCMII) are working to address this by providing standardized frameworks.

#### **The integrity of carbon credits remains a critical area of concern, buyer-side risks**

Studies show that market participants identified negative public perception and the quality of carbon credits as the primary obstacles confronting the voluntary carbon market. The VCM faces challenges in building trust and maintaining market confidence. Possibility of Greenwashing has raised concerns about the market's integrity and reliability, creating a negative perception that could hinder its growth. Corporations are under great public scrutiny and sometimes legal pressure. Civil society and the media are increasingly aware of misleading climate claims and are calling out corporate greenwashing that remains widespread. Buyers are exposed to reputational risks, where any shortcomings in project integrity can result in fines, penalties, and

reputational damage. For example, funded projects fail to deliver on environmental promises or where a project causes social or ecological harm. The risk of double counting prevails alongside.

### **Financing and Verification Delay is a Barrier on the Supply Side**

The participants of the market, majorly the project developers, identify verification delays, limited access to early-stage financing, and inefficiencies in the value chain caused by intermediaries as the key bottlenecks in the growth of the market. Inadequate funding for many small to mid-size developers presents a significant challenge on the supply side of the carbon credits. Studies cite that Forestry and Land Use and Renewable Energy credits had the largest gross declines in volume due to delays in issuing new Forestry and Land Use credits which is further attributed to two major reasons:

1. Waiting for Verra to release their updated consolidated methodology for Reduced Emissions from Deforestation and Degradation in Developing Countries (REDD+) projects, and
2. Increased buyer due diligence in the face of recent media scrutiny of these projects.

Verra, the organization responsible for maintaining the VCS standard that hosts the majority of REDD+ projects, released a new version of their consolidated REDD+ methodology in November 2023 that includes updated baseline calculations and uncertainty estimation procedures. Though the updated methodology arrived too late in the year to make a discernable impact on the volume of transactions in 2023, this development is expected to influence sales of REDD+ credits in years to come.

### **Establishing an effective policy**

Carbon credit markets, established through Cap-and-Trade policies, hold immense potential for driving cost-effective emission reductions and mitigating climate change. However, these markets face several challenges that require careful consideration and innovative solutions.

One of the most critical hurdles lies in setting the right "cap" on emissions. A cap that is too high essentially renders the program ineffective as companies can meet compliance requirements without significant emission reductions. This can lead to a surplus of carbon credits, driving down prices and hindering investment in emission reduction projects. Conversely, a cap that is too low creates a situation of scarcity, where demand for credits outstrips supply. This scenario drives carbon prices up very quickly, potentially leading to economic disruption as industries struggle with high compliance costs. Ultimately, these costs might be passed on to consumers through higher prices for goods and services. Finding the optimal cap level requires a data-driven and collaborative approach. Governments can leverage scientific analysis to determine the level of emission reduction needed to achieve established climate goals. Economic modeling can further inform policy decisions by predicting the impact of different cap levels on industries and consumers, ensuring a balance between environmental ambition and economic feasibility.

Ensuring market stability and addressing concerns surrounding price volatility is also crucial for attracting long-term investments in emission reduction projects. Complexities in market design and administrative procedures can create barriers to entry for new participants, hindering market efficiency. Streamlining Monitoring, Reporting, and Verification (MRV) processes through standardized methodologies and innovative technologies can reduce costs and improve data transparency.

By recognizing and addressing these challenges, while simultaneously capitalizing on the existing growth drivers, carbon offset and credit markets can become a powerful tool in combating climate change and fostering a transition towards a more sustainable future.

### **Competitive scenario in the assurance and third-party verification and validation market**

The carbon offset market is experiencing a period of dynamic growth, leading to a more dynamic environment for third party validation and verification bodies like Earthood. The market landscape consists of both established firms expanding their services and new entrants specializing in certifications and accreditations from various standard-setting bodies.

The role of third-party validation and verification body is likely to remain central to established carbon offset standards for the foreseeable future. These VVBs assess carbon offset projects, ensuring alignment with the

standards and regulations. Validated and Verified projects fosters transparency and enhances buyers' confidence in the market. Established bodies verify VVB competence and allow them to validate and verify projects and therefore accreditation remains a cornerstone to the VVBs. Players (VVBs) need to compulsorily obtain accreditations from recognized bodies to be able to operate in the industry.

Several bodies provide accreditations for the validation and verification bodies in the carbon offset markets. Earthood holds accreditation from a diverse range of organizations including Global Accreditation Bureau (GAB), Verified Carbon Standards (VCS), Gold Standards, Climate Action Reserve (CAR), Global Carbon Council (GCC), International Carbon Registry (ICR), Social Carbon, CCBA, among others. All other major players, considered for peer benchmarking, are registered with these major standards.

Players in the market gains credibility in the market by aligning their operating practices with the highest standards in the industry. They position themselves within the evolving market by emphasizing their diverse accreditation portfolio, project-specific expertise, and commitment to implementing efficient processes. Earthood has outlined plans to actively invest in and developing technologies like Digital Monitoring, Reporting, and Verification (DMRV) system, which holds the potential to enhance operational efficiency and productivity in the future.

Growing public awareness against the greenwashing and integrity of the quality of the credits generated presents opportunities for growth for validation and verification services. While limited brand awareness can hinder penetration in new markets, developing a strong reputation for expertise in specific project types or geographic regions could be a key advantage. New entrants may emerge, however, established client relationships built on trust and history of delivering high quality services can help Earthood maintain a strong position.

Currently, the validation and verification of carbon projects in India is primarily served by privately held entities. As the country transition towards a more structured carbon trading framework, including the development of the national emission trading system and initiatives like the Carbon Credit Trading Scheme (CCTS), there is expected to be an increasing demand for accredited VVBs.

CRISIL has considered the following players for the purpose of benchmarking operational and financial parameters. Among the range of other services, these players offer third-party verification and validation services to project developers across various industries, helping to ensure accuracy and compliance with standards and regulations. These players either operate in the same line of business or have a service portfolio like that of Earthood Services Private Limited. Please note the peers set considered below is an indicative list and not an exhaustive list of players present in the Validation and Verification industry. Also, kindly note that the revenue numbers for all entities considered except Earthood also account for other non-carbon market related services. Revenue Numbers for Earthood correspond to FY24 (April to March cycle).

Kindly note that the following competitors are considered for this section:

1. TÜV SÜD AG
2. TÜV NORD Group
3. TÜV Rheinland AG
4. Applus Services, S.A.
5. Bureau Veritas
6. DNV GL
7. 4K Earth Science Private Limited
8. Carbon Check India
9. Epic Sustainability Services

Note: Data in this section is obtained from publicly available sources, including annual reports of players, regulatory filings, and/or company websites. The financials used in the competitive section are re-classified by CRISIL based on the annual report and financial filings by the players.

### Operational overview of the players under review

Sr. No.	Company Name	Accreditation Scope							
		Agriculture	Chemical Processes/ Industrial Manufacturing	Energy Efficiency/ Fuel Switching	Forestry and Land Use	Household/ Community Devices	Renewable Energy	Transaportation	Waste Disposal
1	Earthood	✓	✓	✓	✓	✓	✓	✓	✓
2	TÜV SÜD AG	✓	✓	✓	✓	✓	✓	✓	✓
3	TÜV NORD Group	✓	✓	✓	✓	✓	✓	✓	✓
4	TÜV Rheinland AG	✓	✓	✓	✓	✓	✓	✓	✓
5	Applus Services, S.A.	✗	✗	✗	✗	✗	✓	✗	✓
6	Bureau Veritas	✓	✓	✓	✓	✓	✓	✓	✓
7	DNV GL	✓	✓	✓	✓	✓	✓	✓	✓
8	4K Earth Science	✓	✓	✓	✓	✓	✓	✗	✓
9	Carbon Check India	✓	✓	✓	✓	✓	✓	✓	✓
10	Epic Sustainability Services	✓	✓	✓	✓	✓	✓	✓	✓

Players in the verification and validation industry cater to projects across all the major sectors. While major players offer similar services, Earthood specializes in the Carbon Offset Market validation and verification area across different programs.

Earthood possesses a diverse range of accreditations, including those from the United Nations Framework Convention on Climate Change (UNFCCC) as a Designated Operational Entity (DOE), the ANSI National Accreditation Board (ANAB), and the Global Accreditation Bureau (GAB). These accreditations enable Earthood to certify carbon offset projects across diverse array of programs and registries—including the Clean Development Mechanism (CDM), Verified Carbon Standards (VCS), Gold Standards (GS), and several others. In total the company can provide validation and verification services under 15 registries and standards, allowing it to operate in multiple regulatory environments.

Earthood also provides services across multiple sectors and is accredited to operate in 11 out of 15 sectors classified by the UNFCCC. Its sectoral coverage includes renewable energy, energy demand, forestry and agriculture, waste, and others.

Earthood has been ranked as the “Best Verification Company” by Environmental Finance, an online news and analysis service, in the Voluntary Carbon Market Rankings 2023 and 2024.

### Growth opportunities in the market

As the global carbon market continues to evolve, various strategic pathways for growth have emerged. These pathways are driven by emerging markets, increasing regulatory frameworks, and growing demand for sustainability and carbon-related advisory services.

### Geographic expansion for market penetration

Expanding into diverse regions presents an opportunity to tap into diverse project portfolios, such as Latin America, offer opportunities for nature-based projects and presents growth opportunities. Increased geographic

presence in diverse regions could enable more effective service delivery and penetration into new carbon markets.

### Tapping opportunities into ESG advisory sector

With the rising global focus on environmental, social, and governance (ESG) factors and growing emphasis on corporate sustainability commitments, there is a growing market for ESG advisory services to support organizations in aligning with global ESG frameworks and regulatory standards. Companies in this sector are expanding their offerings beyond validation and verification to include a wide range of sustainability advisory services such as energy audits, water audits, environmental due diligence, and compliance with extended producer responsibility (EPR) regulations.

As a part of this, Earthood has undertaken notable projects including certifying the Delhi Metro Rail Corporation’s headquarters, Metro Bhawan, as carbon neutral. Furthermore, Earthood has also conducted environmental audits for the Indian Army’s Pulgaon military railway station to provide recommendations for CO<sub>2</sub> emissions reductions.

### Opportunities from Transitioning Carbon Markets

The transition of carbon projects from existing carbon development mechanism (CDM) to the Article 6.4 mechanism under the Paris Agreement is expected to expand the market for emission reductions (ERs). This transition could notably increase the number of projects generating carbon credits, particularly as the framework broadens to include sectors previously excluded under the Clean Development Mechanism (CDM). The potential for an increase in the volume of emission reductions due to this shift may present new opportunities for project developers, validators, and verifiers.

### Financial overview of the companies under review

Across the Third-Party Validation and Verification segment, CRISIL has considered consolidated level numbers for available players as of CY23. Total revenue across all business segments, including non-carbon market services, of the players have been considered for the purpose of analysis in this section.

### Key Financials

**Table 22 Total income across all business segments of the players (CY 21-23)**

Sr. No.	Company Name	Revenue for CY23 (Rs. Lakhs)	Revenue for CY22 (Rs. Lakhs)	Revenue for CY21 (Rs. Lakhs)	CAGR CY21-23
1	Earthood <sup>3</sup>	4,717.71	3,254.67	1,012.67	115.84%
2	TÜV SÜD AG	2,889,191.97	2,540,090.70	2,260,643.44	13.05%
3	TÜV NORD Group	1,457,158.49	1,287,920.82	1,160,536.52	12.05%
4	TÜV Rheinland AG	2,268,429.38	1,973,132.30	1,777,376.13	12.97%
5	Applus Services, S.A.	1,894,039.14	1,818,596.00	1,505,824.32	12.15%
6	Bureau Veritas	5,400,312.37	5,012,760.27	4,221,681.49	13.10%
7	DNV GL	2,573,552.46	2,114,068.20	1,813,793.86	19.12%
8	4K Earth Science <sup>3</sup>	-	681.33	404.01	68.64%
9	Carbon Check India <sup>3</sup>	-	2,811.80	919.64	205.75%
10	Epic Sustainability Services <sup>3</sup>	-	653.48	425.10	53.72%

Source: *Company filings, CRISIL Research*

- Note: 1) The financial numbers for all the entities represented above have been converted to INR considering applicable exchange rates  
2) The revenue numbers for all entities except Earthood, 4K Earth Science, Carbon Check India, and Epic Sustainability Services, also account for other non-carbon market related services  
3) Numbers for Earthood, 4K Earth Science, Carbon Check India, and Epic Sustainability Services correspond to fiscal year (April to March cycle)  
4) These figures have been obtained as is from the latest financial disclosures available of the entities considered.

The revenue numbers of the players, except Earthood, 4K Earth Science, Carbon Check India, and Epic Sustainability Services, correspond to the overall business offerings of the players and not just assurance and 3rd party verification and validation services. Earthood has seen a four-fold increase in its revenue over the last two years driven by diversification in its geographical presence and service offerings.

**Table 23 Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) across all business segments of the players**

Sr. No.	Company Name	EBITDA for CY-23 (Rs. Lakhs)	EBITDA for CY-22 (Rs. Lakhs)	EBITDA Margin (CY 23)	EBITDA Margin (CY 22)
1	Earthood <sup>3,5</sup>	2,729.42	1,394.41	57.85%	42.84%
2	TÜV SÜD AG <sup>7</sup>	369,144.36	335,331.36	12.78%	13.20%
3	TÜV NORD Group	145,228.07	128,011.42	9.97%	9.94%
4	TÜV Rheinland AG	229,443.79	288,280.29	10.11%	14.61%
5	Applus Services, S.A. <sup>8</sup>	474,430.12	432,559.71	25.05%	23.79%
6	Bureau Veritas <sup>9</sup>	828,941.23	978,883.69	15.35%	19.53%
7	DNV GL	438,727.40	351,260.82	17.05%	16.62%
8	4K Earth Science <sup>3,5</sup>	103.92	43.03	15.25%	10.65%
9	Carbon Check India <sup>3,5</sup>	629.04	155.49	22.37%	16.91%
10	Epic Sustainability Services <sup>3,5</sup>	34.13	27.91	5.22%	6.57%

Source: Company filings, CRISIL Research

- Note: 1) The financial numbers for all the entities represented above have been converted to INR considering applicable exchange rates  
2) The revenue numbers for all entities except Earthood, 4K Earth Science, Carbon Check India, and Epic Sustainability Services, also account for other non-carbon market related services  
3) Numbers for Earthood, 4K Earth Science, Carbon Check India, and Epic Sustainability Services correspond to fiscal year (April to March cycle)  
4) These figures have been obtained as is from the latest financial disclosures available of the entities considered.  
5) The financial data for 4K Earth Science, Carbon Check India, and Epic Sustainability Services presented corresponds to the latest available figures for the fiscal year (FY23)  
6) EBITDA = Total income – Total expenses + Finance costs + Amortization and depreciation  
7) In case of TÜV SÜD AG, EBITDA: Earnings before interest, before other financial result, before amortization & depreciation and before income tax, but after income/loss from participations.  
8) In case of Applus Services, S.A., EBITDA: Total Revenue – operating expenses (procurements, staff costs) – other operating expenses + Depreciation and amortization charge



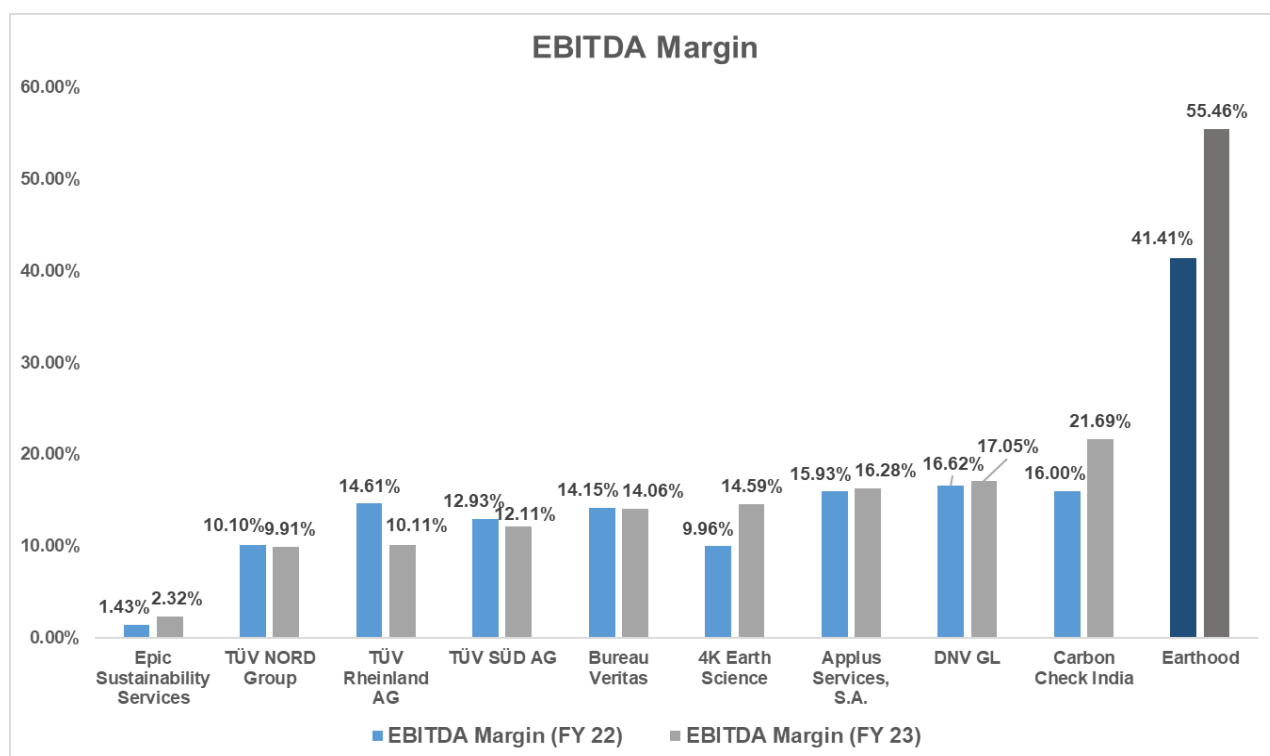
9) In case of Bureau Veritas, EBITDA: Total operating income – operating expenses (Supplies, Other purchases and external charges, Taxes other than on income, Wages and salaries, Payroll taxes, Other expenses) + Depreciation, amortization and impairment

Earthood recorded a robust EBITDA margin of 57.85% during FY24 which indicates strong operational efficiencies.

### Managing employee costs a critical factor

Underscoring the service-driven nature of the industry, employee costs constitute a substantial share of total revenue. It is generally understood that in service sectors, employee-related expenses including salaries, benefits, and training—can account for anywhere from 15% to 30% of total revenue. This range varies depending on factors such as company size, operational efficiency, and specific business models. In the Validation and Verification industry, the demand for highly skilled employees is even more pronounced. These services require specialists with advanced expertise in areas such as environmental science, carbon accounting, and regulatory compliance. The need for ongoing training, certifications, and deep technical knowledge adds to the cost, making employee-related expenses a crucial factor in maintaining service quality and meeting industry standards.

### EBITDA across all business segments of the players (FY23)



Source: Company filings, CRISIL Research

Table 24 Net Profit across all business segments of the players

Sr. No.	Company Name	Net Profit for CY-23 (Rs. Lakhs)	Net Profit for CY-22 (Rs. Lakhs)	Net Profit Margin (CY23)	Net Profit Margin (CY22)
1	Earthood <sup>3</sup>	1,933.60	1,073.58	40.99%	32.99%
2	TÜV SÜD AG	162,714.34	117,632.11	5.63%	4.63%

3	TÜV NORD Group	45,794.70	43,114.92	3.14%	3.35%
4	TÜV Rheinland AG	31,940.05	110,117.32	1.41%	5.58%
5	Applus Services, S.A.	36,353.04	54,912.73	1.92%	3.02%
6	Bureau Veritas	474,798.25	429,898.35	8.79%	8.58%
7	DNV GL	240,542.52	168,831.54	9.35%	7.99%
8	4K Earth Science <sup>3</sup>	88.79	40.19	13.03%	9.95%
9	Carbon Check India <sup>3</sup>	455.09	109.23	16.19%	11.88%
10	Epic Sustainability Services <sup>3</sup>	10.21	3.83	1.56%	0.90%

Source: *Company filings, CRISIL Research*

Note: 1) The financial numbers for all the entities represented above have been converted to INR considering applicable exchange rates

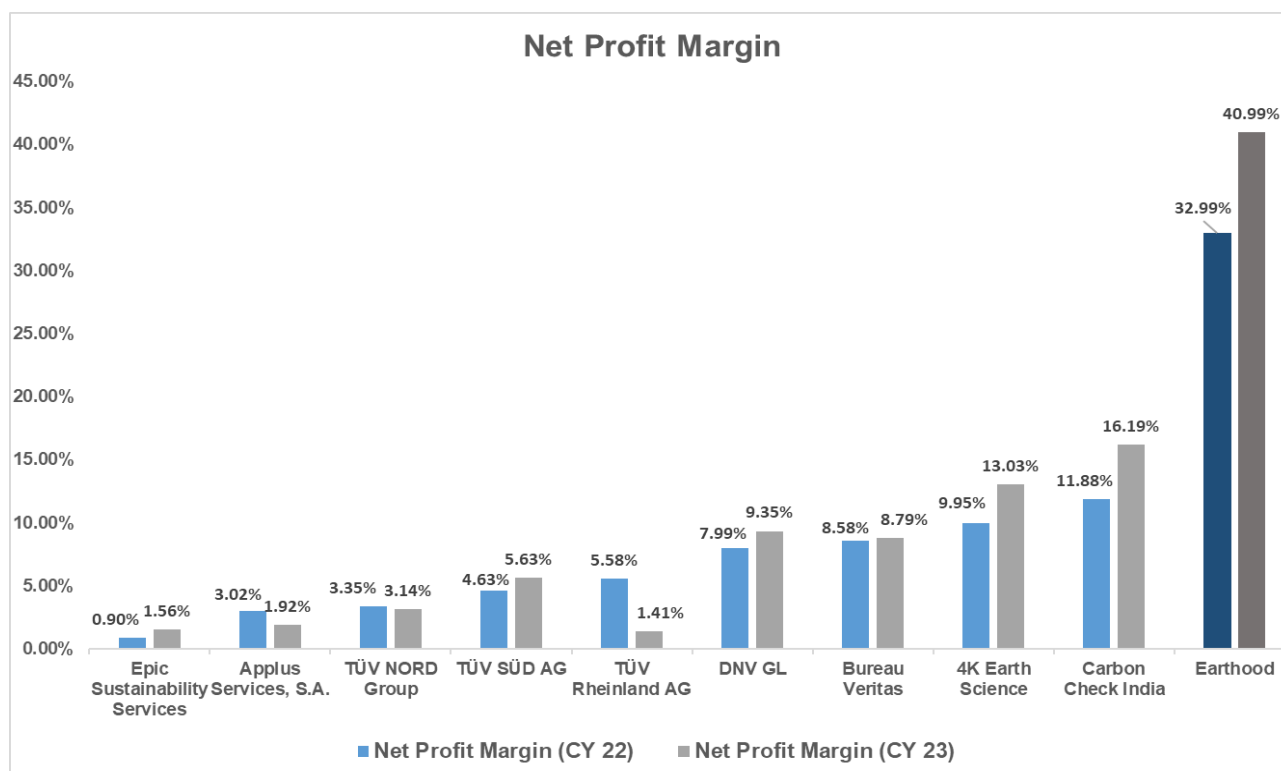
2) The revenue numbers for all entities except Earthood, 4K Earth Science, Carbon Check India, and Epic Sustainability Services, also account for other non-carbon market related services.

3) Numbers for Earthood, 4K Earth Science, Carbon Check India, and Epic Sustainability Services correspond to fiscal year (April to March cycle)

4) These figures have been obtained as is from the latest financial disclosures available of the entities considered

5) The financial data for 4K Earth Science, Carbon Check India, and Epic Sustainability Services presented corresponds to the latest available figures for the fiscal year (FY23)

### Net Profit across all business segments of the players (FY23)



Source: Company filing, CRISIL Research

Earthood recorded a strong net profit margin of 41% during FY24 which indicates company's prudent financial management.

**Table 25 Financial snapshot of key players considered (FY23)**

Sr. No.	Company Name	Revenue for CY 23 (Rs. Lakhs)	Revenue CAGR (FY21-23)	EBIDTA for CY 23 (Rs. Lakhs)	EBITDA Margin (FY 23)	Net Profit for CY 23 (Rs. Lakhs)	Net Profit Margin (CY 23)
1	Earthood	4,717.71	110.58%	2,729.42	57.85%	1,933.60	40.99%
2	TÜV SÜD AG	2,889,191.97	13.05%	369,144.36	12.78%	162,714.34	5.63%
3	TÜV NORD Group	1,457,158.49	12.05%	145,228.07	9.97%	45,794.70	3.14%
4	TÜV Rheinland AG	2,268,429.38	12.97%	229,443.79	10.11%	31,940.05	1.41%
5	Applus Services, S.A.	1,894,039.14	12.15%	474,430.12	25.05%	36,353.04	1.92%
6	Bureau Veritas	5,400,312.37	13.10%	828,941.23	15.35%	474,798.25	8.79%
7	DNV GL	2,573,552.46	19.12%	438,727.40	17.05%	240,542.52	9.35%
8	4K Earth Science	-	68.64%	103.92	15.25%	88.79	13.03%
9	Carbon Check India	-	205.75%	629.04	22.37%	455.09	16.19%
10	Epic Sustainability Services	-	53.72%	34.13	5.22%	10.21	1.56%

## OUR BUSINESS

*Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 26 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors”, “Restated Consolidated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 37, 239 and 319, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*The industry-related information contained in this section is derived from the industry report titled “Assessment of ESG Advisory Services and Carbon Markets” dated December 2024 which is exclusively prepared for the purposes of the Offer and issued by CRISIL MI&A, a division of CRISIL Limited (the “CRISIL Report”). We commissioned and paid for the CRISIL Report for the purposes of confirming our understanding of the industry specifically for the purpose of the Offer, as no report is publicly available which provides a comprehensive industry analysis, particularly for our Company’s services, similar to the CRISIL Report. CRISIL is an independent agency and is not a related party of our Company, its Subsidiaries, Directors, Key Managerial Personnel, Senior Management or the Book Running Lead Manager.*

*We have included certain non-GAAP financial measures and other performance indicators relating to our financial performance and business in this Draft Red Herring Prospectus, each of which is a supplemental measure of our performance and liquidity and not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or U.S. GAAP. Furthermore, such measures and indicators are not defined under Ind AS, IFRS, U.S. GAAP or other accounting standards and therefore should not be viewed as substitutes for performance, liquidity or profitability measures under such accounting standards. In addition, such measures and indicators, are not standardized terms, hence a direct comparison of these measures and indicators between companies may not be possible. Other companies may calculate these measures and indicators differently from us, limiting their usefulness as a comparative measure. Although such measures and indicators are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that they are useful to an investor in evaluating our operating performance.*

*Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “Restated Consolidated Financial Statements” beginning on page 239. Our Financial Year ends on March 31 of each year, so all references to a particular FY, Fiscal, Financial or Financial Year are to the 12 months ended March 31 of that year. Unless the context otherwise requires, in this section, references to “we”, “us”, “our”, “our Company” or “the Company”, refers to Earthood Services Limited.*

### Overview

We are a globally recognised company engaged in certifying environmental attributes primarily providing carbon validation and verification services; and Environmental, Social and Governance (ESG) advisory and assurance services to customers in India and overseas. Earthood has been ranked as the “Best Verification Company” by Environmental Finance, an online news and analysis service, in the Voluntary Carbon Market Rankings 2023 and 2024 (Source: CRISIL Report). Additionally, we also provide advisory services in relation to formation and promotion of Farmer Producer Organisations (FPOs), entities created, owned and managed by farmers, which constitutes a minor portion of our revenues.

We have been accredited by United Nations Framework Convention on Climate Change (“UNFCCC”) as a Designated Operational Entity (DOE) since Fiscal 2014. Further, we have been accredited by Global Accreditation Bureau (GAB) and American National Accreditation Board (ANAB) as a Validation and Verification Body (VVB) since Fiscal 2023 and 2024 respectively. Our accreditation authorizes us to provide services in relation to certification of carbon offset projects under 15 registries including some of the major

global registries such as Voluntary Carbon Standard (VERRA), Gold Standard (GS) and Global Carbon Council (GCC). Our Company leverages the above registered status to attract potential clients through visibility on websites of the registries / standards. Our Company's listing on leading carbon registries' websites serves as a powerful marketing tool and drives organic lead generation while minimizing customer acquisition costs. Building on our experience and expertise, we recognize the urgent need for climate action and are committed to supporting global efforts to mitigate climate change. In furtherance of our objectives, we have achieved carbon neutrality for our Scopes 1, 2 and 3 emissions in September 2024.

Climate change is a significant global threat caused by human activities by increasing Green House Gas (GHG) concentrations in the atmosphere, leading to the Earth's gradual warming. To combat the threats of climate change, the United Nations Framework Convention on Climate Change (UNFCCC) was established in 1992 to stabilize atmospheric GHG concentrations and prevent dangerous climate interference. The Intergovernmental Panel on Climate Change (IPCC), established by United Nations Environment Program (UNEP) and World Meteorological Organization (WMO), emphasized human influence has unequivocally warmed the planet and urging immediate reductions in GHG emissions to limit global warming to 1.5 degrees Celsius.

The global response to climate change has evolved significantly over the years, culminating in key international agreements that aim to reduce GHG emissions and mitigate its impacts. The Kyoto Protocol was adopted in 1997 which operationalizes the UNFCCC by committing industrialized countries and economies in transition to limit and reduce GHG emissions in accordance with agreed individual targets. Subsequently, the Paris Agreement was adopted in 2015 which is a landmark international agreement aimed at addressing climate change and its impacts. Unlike the Kyoto Protocol which set binding targets only for developed countries, the Paris Agreement involves commitments from all countries to reduce GHG emissions, with each country determining its own nationally determined contributions (NDCs) based on its circumstances. Article 6.2 of the Paris Agreement ensures that GHG emission reductions and removals are not double-counted under multiple NDCs. Article 6.4 defines a mechanism similar to CDM, allowing countries with low emissions to sell excess allowances to other parties, promoting international cooperation and transparency. The rulebook for the new market-based mechanism under Paris Agreement is under development. These agreements and mechanisms aim to mitigate climate change by reducing GHG emissions and promoting sustainable development. Carbon markets are an essential mechanism for accelerating decarbonization and serve as a tool to help reduce GHG emissions through mechanisms like cap-and-trade or carbon pricing.

Companies worldwide are facing growing pressure to reduce their emissions and set their Net-Zero targets. This pressure is pushing them to invest in offsetting the emissions and therefore relying on high-quality, independently verified carbon credits. Carbon credits are units that are generated through implemented mitigation activities that result in reducing the GHG emissions over and above the baseline (*Source: CRISIL Report*). Carbon credits can also represent emission removals from the atmosphere, such as sequestering carbon through afforestation or directly capturing carbon from the air and storing it. Each carbon credit represents one ton of carbon dioxide equivalents (CO<sub>2</sub>e) reduced or removed. As the demand for carbon credits soars, so does the demand for rigorous verification and certification (*Source: CRISIL Report*).

Carbon pricing serves as a crucial tool in combating climate change by making pollution more costly, thereby incentivizing businesses and countries to adopt cleaner energy and sustainable practices. As carbon pricing gained momentum, a clear distinction emerged between two main types of carbon markets i.e., Voluntary and Regulatory carbon markets. We provide carbon validation and verification services to clients in both voluntary and regulatory carbon markets, who operate in the sectors approved by UNFCCC or the relevant registries / standards, as the case may be.

**Voluntary Carbon Market:** Operating outside government regulations, these markets enable companies and individuals to offset their carbon footprint by purchasing carbon credits from verified projects. This market allows corporations and individuals to take climate action beyond regulatory requirements. Companies participating in these markets voluntarily compensate for their emission footprint by purchasing equivalent offset credits. Our Company is registered with recognized standards / registries including VERRA, Gold Standard, American Carbon Registry, Global Carbon Council, Puro Earth and International Carbon Registry.

**Regulatory Carbon Market:** The regulatory market, also known as compliance carbon market, aims to establish a carbon price by laws or regulations which control the supply of allowances that are then distributed by national, regional and global regimes. Governments establish these markets to control emissions within their jurisdiction, typically using cap-and-trade systems. A limit (cap) is set on total emissions and companies can buy and sell permits (credits) to stay under the cap. This system allows for flexibility in achieving emissions reduction goals while providing a market-based solution.

The following table sets forth a breakup of our consolidated revenue from operations in the regulatory and voluntary market in absolute terms and as a percentage of our consolidated revenue from operations:

*(₹ in Lakhs, except percentages)*

Particulars	For the six months period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Voluntary Carbon Market	1,963.66	97.76	4,169.00	96.56	2,541.08	88.12	542.48	64.81
Regulatory Carbon Market	45.00	2.24	148.50	3.44	342.72	11.88	294.49	35.19
<b>Total</b>	<b>2,008.66</b>	<b>100.00</b>	<b>4,317.50</b>	<b>100.00</b>	<b>2,883.80</b>	<b>100.00</b>	<b>836.97</b>	<b>100.00</b>

We categorize our carbon validation and verification services into the following broad sectors:

- (a) **Renewable Energy:** Verification and validation of all projects that fall under the sectoral scope pertaining to energy generation from renewable energy resources primarily involving solar (thermal and pv), hydro power and wind energy projects. We perform both validation and verification services under different registries / standards which involve assessing technical, financial, environmental and social aspects of the project through document review as well as site visits.
- (b) **Energy Demand:** We provide services to projects involving installation and distribution of energy efficiency technologies. All distribution projects, which involve household level CEPs (clean energy products) like improved cookstoves (electrical / fossil fuel/clean fuel run), water purification systems, solar lighting systems and others, fall under its ambit.
- (c) **Forestry and Agriculture:** We focus on providing validation and verification services to a range of projects, including afforestation, reforestation, and revegetation; agricultural land management; improved forest management; reduced emissions from deforestation and degradation; avoided conversion of grasslands and shrublands; and wetlands restoration and conservation.
- (d) **Waste and Others:** We focus on validation and verification of landfill gas, biogas, and biomass-based energy generation projects under sectoral scope pertaining to waste handling and disposal. Additionally, we provide services to other projects such as electric vehicle charging networks, carbon sequestration through concrete recycling, etc.

The following table sets forth a breakup of our consolidated revenue from operations in absolute terms based on the sectoral coverage for the indicated periods:

*(₹ in Lakhs)*

Sector	For the period of six months ended on September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Renewable Energy	593.06	578.29	748.24	305.95
Forestry and Agriculture	675.27	999.20	368.03	71.54
Energy Efficiency	411.01	2,184.15	1,393.13	339.46

Waste and Others	329.32	555.86	374.40	120.02
<b>Total</b>	<b>2,008.66</b>	<b>4,317.50</b>	<b>2,883.80</b>	<b>836.97</b>

We are also engaged in the business of providing ESG advisory and assurance services to customers in India and overseas which include lifecycle assessment services, sustainability, climate risk assessment services and creating detailed ESG roadmaps. As part of this, the Company has undertaken notable projects like certifying the Delhi Metro Rail Corporation's headquarters, Metro Bhawan, as carbon neutral. Further, the Company has also conducted environmental audits for the Indian Army's Pulgaon military railway station to provide recommendations for CO2 emissions reductions.

Several factors are driving the demand for ESG auditing and verification services. A significant driver is the growing demand for verified ESG data from investors. Investors are increasingly using ESG data to inform their investment decisions and verified data provides confidence that the information is reliable. Additionally, regulatory pressures are mounting, with directives like the EU Corporate Sustainability Reporting Directive (CSRD) mandating sustainability reporting and verification for certain companies. This regulatory landscape is compelling companies to adopt verified ESG reporting practices. *(Source: CRISIL Report)*

Our presence spans across five locations, with offices in India, United Kingdom (UK), Russia, Turkey and the United Arab Emirates (UAE), serving over more than 400 clients across 132 countries in the last 3 Fiscals. Since our inception in 2012, we have experienced steady growth in our international reach, with an increasing number of clients in diverse countries. We have expanded our global client base significantly from 89 countries as of March 31, 2022 to 100 countries as of March 31, 2023, and further to 132 countries as of September 30, 2024.

We have recorded a net margin of 24.79% and an operating EBITDA margin of 39.11% during the six months ended September 30, 2024. Our Company has seen a four-fold increase in its revenue between Fiscal 2022 and Fiscal 2024. For the six months period ended September 30, 2024 and Fiscals 2024, 2023 and 2022, our consolidated revenue from operations was ₹2189.13 Lakhs, ₹4679.34 Lakhs, ₹3239.29 Lakhs and ₹1011.17 Lakhs, respectively and our profit after tax was ₹542.68 Lakhs, ₹1933.60 Lakhs, ₹1073.58 Lakhs and ₹ 128.20 Lakhs, respectively.

Our management team, led by our Promoters, Dr. Kaviraj Singh and Mr. Ashok Kumar Gautam, have 17 and 23 years' experience, respectively, in the energy, environment and climate change sector. Our Promoters embarked together on their journey in 2012 by incorporating our Company with a mission to combat climate change and support companies in achieving net-zero goals with focus on carbon offset validation, verification and certification services. In furtherance of this mission, our Company introduced sustainability services in 2017 by conducting energy audits, water audits and electrical safety. Additionally, our Company expanded its offerings in 2021 to include FPO advisory services, followed by expansion of our sustainability services to include ESG advisory and assurance services. Our group of 56 validators and verifiers (as on November 30, 2024) have sectoral expertise which gives us a competitive edge and increased bandwidth to handle multiple projects.

The details of our revenue contribution (on a consolidated basis) from all services have been provided below for the indicated periods:

*(₹ in Lakhs, except percentages)*

Services	For the six months period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
<b>Carbon Validation and Verification</b>	2,008.66	91.76	4317.50	92.27	2883.80	89.03	836.97	82.77
- Validation services	1,102.14	54.86	3023.30	70.02	1835.66	63.65	298.48	35.66
- Verification Services	906.52	45.14	1294.20	29.97	1048.14	36.35	538.49	64.34

<b>ESG Advisory and Assurance</b>	152.00	6.94	196.47	4.20	195.29	6.03	102.70	10.16
<b>FPO advisory</b>	28.47	1.30	165.37	3.53	160.20	4.95	71.50	7.07
<b>Total</b>	<b>2189.13</b>	<b>100.00</b>	<b>4679.34</b>	<b>100.00</b>	<b>3239.29</b>	<b>100.00</b>	<b>1011.17</b>	<b>100.00</b>

### Key Performance Indicators:

The table below sets forth the details of the key performance indicators (“KPIs”) that our Company considers have a bearing for arriving at the basis for Offer Price. These KPIs have been used historically by our Company to understand and analyze business performance, which in result, help us in analyzing the growth of various vertical segments. The Bidders can refer to the below-mentioned KPIs, being a combination of financial and operational key financial and operational metrics, to make an assessment of our Company’s performance in various business verticals and make an informed decision.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 17, 2024 and the Audit Committee has confirmed that the KPIs pertaining to our Company that have been disclosed to investors at any point of time during the three years period prior to the date of this Draft Red Herring Prospectus have been disclosed in this section and have been subject to verification and certification by M/s Jagdish Chand & Co., Chartered Accountants, bearing firm registration number 000129N, pursuant to certificate dated December 24, 2024, which has been included as part of the “*Material Contracts and Documents for Inspection*” on page 442.

For details of our key operating and financial metrics disclosed elsewhere in this Draft Red Herring Prospectus, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 319.

The table below sets forth certain key operational and financial metrics for the periods indicated:

(₹ in Lakhs, except percentages)

Particulars	For the six months period ended September 30, 2024	Fiscal		
		2024	2023	2022
<b>Financial KPIs</b>				
Revenue From operations (₹ in Lakhs)	2,189.13	4,679.34	3,239.29	1,011.17
Total Income (₹ in Lakhs)	2,197.48	4,717.71	3,254.67	1,012.67
Operating EBITDA (₹ in Lakhs)	856.17	2,691.06	1,394.04	200.07
Operating EBITDA Margin (%)	39.11%	57.51%	42.57%	19.79%
Profit/(loss) after tax for the year/ period (₹ in Lakhs)	542.68	1,933.60	1,073.58	128.20
Net profit Ratio/ Margin (%)	24.79%	41.32%	33.14%	12.68%
Return on Equity (ROE) (%)	13.71%	61.32%	86.83%	32.69%
Debt To Equity Ratio	0.00	0.00	0.04	0.26
Interest Coverage Ratio	48.58	48.17	146.85	13.39
ROCE (%)	19.03%	77.99%	85.95%	33.45%
Current Ratio	8.96	7.96	2.99	2.30
Net Capital Turnover Ratio	0.57	1.57	2.97	2.88
<b>Operational KPIs</b>				



Revenue per employee (₹ in Lakhs)	28.80	73.11	70.42	28.89
Mandate conversion ratio (for CVV)	46.69%	49.56%	47.28%	40.13%
Number of projects undertaken (for CVV)	104	219	169	60
Average contract value (₹ in Lakhs) (for CVV)	20.76	17.18	14.46	7.31
Global client base	132	132	100	89

**Notes:**

- a) As certified by M/s Jagdish Chand & Co., Chartered Accountants pursuant to their certificate dated December 24, 2024. The Audit committee in its resolution dated December 17, 2024 has confirmed that the Company has not disclosed any KPIs to any investors at any point of time during the three years preceding the date of this Draft Red Herring Prospectus other than as disclosed in this section.
- b) Revenue from Operations means the Revenue from Operations as appearing in the Restated Consolidated Financial Statements.
- c) Operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation less other income.
- d) Operating EBITDA Margin refers to Operating EBITDA during a given period as a percentage of Total revenue during that period.
- e) Net Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our Total revenue.
- f) Return on equity (RoE) is equal to profit for the year divided by the total equity and is expressed as a percentage.
- g) Debt to equity ratio is calculated by dividing the total debt (i.e., borrowings (current and non-current) by total equity (which includes issued capital and all other equity reserves).
- h) Interest Coverage Ratio measures our ability to make interest payments from available earnings and is calculated by dividing EBIT (Earnings before interest and taxes) by finance cost.
- i) RoCE (Return on Capital Employed) (%) is calculated as EBIT (Earnings before interest and taxes) divided by capital employed. Capital employed is calculated as net worth and total debt (i.e., borrowings (current and non-current)).
- j) Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.
- k) Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).
- l) Revenue per employee is calculated by dividing the total revenue by the total employee base
- m) Mandate conversion ratio is calculated by dividing the total number of signed contracts by the total number of proposals sent
- n) Average contract value is calculated by dividing the total value of the signed contracts by the total number of signed contracts

## Evolution of Carbon Market

Research has shown that human activities, particularly burning fossil fuels, significantly increased greenhouse gas concentrations, disrupting the Earth's natural balance. Climate change poses an unprecedented threat to global sustainability, necessitating swift action. The international body, Intergovernmental Panel on Climate Change (IPCC), established by United Nations Environment Program (UNEP) and World Meteorological Organization (WMO), has emphasized the need for mitigation and stabilization scenarios to limit global warming to 1.5°C above pre-industrial levels.

This scientific consensus led policymakers to explore market-based solutions, culminating in the concept of carbon pricing and the emergence of carbon markets. By assigning a price to carbon emissions, market forces are incentivized to transition away from fossil fuels. The limited window for global CO<sub>2</sub> emissions to stay within safe temperature limits necessitated innovative solutions, ultimately giving rise to the carbon credit market as a vital tool in combating climate change.

## Carbon Credit Ecosystem

The carbon market is a complex ecosystem with a diverse range of actors contributing to the financing, development, verification and trading of carbon credits by the end users. Each player in this value chain plays a crucial role in ensuring the integrity, growth and effectiveness of the market. Voluntary Carbon Market (VCM)

starts the moment a project developer (e.g., company, farm, individual or organization) plans, implements, registers carbon credits and obtains certification of the carbon dioxide avoidance, reduction, or removal. To obtain a verification, a project developer is required to apply and comply with standards, methodologies, processes and rules, approved by standards and verify and validate their project through third-party assessment bodies or Validation and Verification Bodies (VVBs). Projects can be developed in different areas such as Community based (improved cookstoves, water purifiers and solar lights), Nature based (Forestry, Agriculture and Wetlands), Energy Construction, Waste, Livestock and manure management, Industrial Processing, Transport and Mining etc. (*Source: CRISIL Report*)

## **Key Players:**

### **1. Carbon offset Standards**

Carbon offset standards provide a structured framework for tracking, verifying and trading carbon credits and ensure carbon market accountability, credibility and transparency. These standards enable trade, standardize measurements, confirm emissions reductions and stop double counting. Further, they monitor credit ownership by assigning each credit a unique serial number. This information is made publicly accessible through a ledger. When a credit is purchased by an entity to offset their emissions, the standard retires that credit on the ledger, ensuring it cannot be acquired by another party.

### **2. Project Developers:**

Project developers develop and manage emissions reduction projects that generate carbon credits. They handle everything from conceptualizing the project and obtaining permits to ensuring compliance with carbon standards and applicable local regulations. Their role includes securing funding, often through partnerships with investors and manage the life cycle of the projects in line to applicable requirements.

### **3. Validation and Verification Bodies (VVBs):**

Validation and verification bodies (VVBs) play a crucial role in the integrity and transparency of carbon markets, serving as independent third parties that assess and confirm the credibility of carbon offset projects. These bodies are essential in ensuring that projects claiming to reduce greenhouse gas emissions are both real and quantifiable, thereby fostering trust among investors, regulators and stakeholders. The validation process occurs prior to the project's implementation and involves a thorough examination of the project design to ensure it meets established standards. This phase typically includes a review of the project's methodology, baseline emissions calculations and the overall feasibility of the project.

Once a project is operational, verification becomes essential. VVBs conduct periodic audits to assess the actual emission reductions achieved against the initial projections made during the validation phase. This involves on-the-ground inspections, data verification and stakeholder consultations to ensure that all reported emissions reductions are accurate and in compliance with relevant standards. The frequency and rigor of these verifications help maintain ongoing accountability and improve the project's performance over time.

VVBs adhere to strict standards and protocols to maintain the credibility of the verification process. They are responsible for conducting rigorous assessments, collecting data and evaluating project performance against established criteria. Accreditation of VVBs by organizations like United Nations (UNFCCC) ANSI – ANAB, GAB, VCS, etc. further enhances the credibility of the verification process. Some of the major standards in the Voluntary Carbon Offset Market include Verified Carbon Standard (VCS) by Verra, Gold Standard (GS), Carbon Action Reserve (CAR), American Carbon Registry (ACR) and Global Carbon Council (GCC).

### **4. Carbon Exchanges & Brokers:**

Carbon exchanges and brokers create a marketplace for trading carbon credits, enabling buyers and sellers to connect and trade emissions reductions efficiently. They ensure transparency, fair pricing and smooth

trading processes, which helps maintain market liquidity. Key players include specialized exchanges like the Carbon Trade Exchange (CTX) and AirCarbon Exchange (ACX), as well as independent brokers, all of which play vital roles in facilitating emissions reduction efforts.

## 5. Credit Buyers:

Companies, individuals and organizations buy carbon credits to offset their emissions. Buyers include large multinational corporations and small businesses across various industries, such as energy, transportation and finance, as well as individuals aiming to lower their carbon footprint. This supports environmental sustainability by funding emission-reducing projects.

Voluntary carbon markets can finance carbon removal projects and address firms' residual emissions, but they face challenges related to market integrity. Issues include a lack of consensus on how credits align with science-based decarbonization, the quality of credits and inconsistent reporting standards.

To enhance market reliability, standard-setting bodies are developing guidance on credit accounting and disclosure, helping to clarify net-zero claims and prevent greenwashing. Validation and verification bodies ensure the quality of offsets. Additionally, creating global registries can reduce market fragmentation, facilitate seamless transactions and help authorities track progress toward Paris Agreement goals, identifying necessary actions for a faster global transition.

For carbon verification and validation services, our Company caters clients operating in the following sectors based on the accreditations obtained by us:

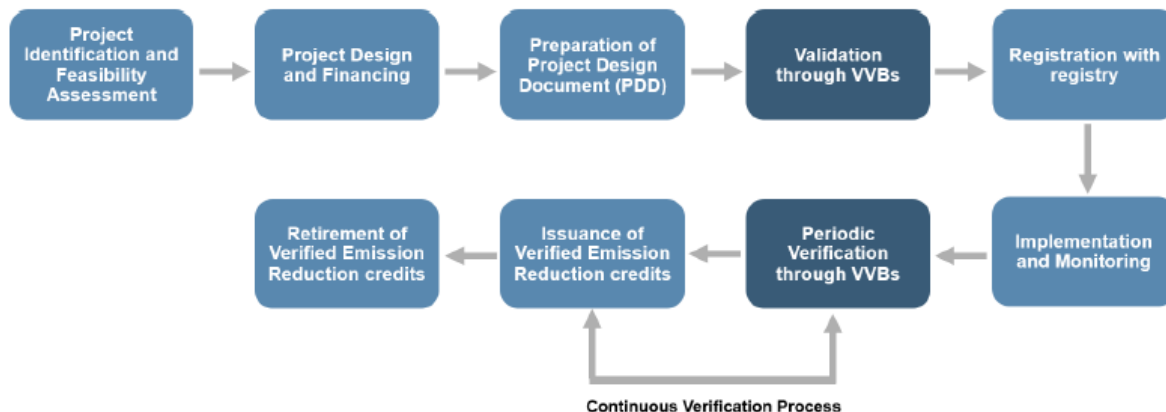
- a) Energy Industries
- b) Energy Demand
- c) Manufacturing Industries
- d) Chemical Industries
- e) Construction
- f) Transport
- g) Metal Production
- h) Fugitive emissions from fuels (solid, oil & gas)
- i) Waste handling and disposal
- j) Afforestation and reforestation
- k) Agriculture

Companies worldwide are facing growing pressure to reduce their emissions and set their Net-Zero targets. This pressure is pushing them to invest in carbon offsetting, relying on high-quality, independently verified carbon credits. As the demand for carbon credits soars, so does the demand for rigorous verification and certification.

Carbon credits are retired once the benefit has been claimed for voluntary or compliance purposes. Demand for credits can stem from a range of drivers:

1. **International compliance:** This primarily consists of (i) countries purchasing/utilizing credits or “mitigation outcomes” recognized under international treaties to help meet their GHG mitigation commitments; and (ii) airlines purchasing credits eligible for meeting their obligations under CORSIA.
2. **Domestic compliance:** This includes companies purchasing credits that are eligible for meeting their obligations under domestic law, usually an Emission Trading Scheme (ETS) or a carbon tax. These may include credits issued under international, governmental, or independent crediting mechanisms, depending on the rules established by respective governments.
3. **Voluntary:** This consists of (mostly private) entities purchasing carbon credits for the purpose of complying with voluntary mitigation commitments. This buyer group primarily sources credits issued under independent crediting standards, though some entities also purchase those issued under international or governmental crediting mechanisms.

## Carbon Offset Lifecycle



The lifecycle of a carbon offset is a crucial process with each step playing a vital role in ensuring the integrity and credibility of the offset program. It ensures that the project has the potential to generate real, measurable and additional emission reductions. Carbon offset programs create a robust system with checks and balances. This discourages greenwashing and fosters trust in the market. This also enhances buyers' confidence that the offset they purchase represents legitimate and verifiable emission reductions, contributing to real climate action.

Independent third-party bodies or validation and verification bodies (VVBs) verify the project's emission reductions or removals according to established standards. They review the Project Design Documents (PDD) and assess the project's design for the technology used, methodology applied, baseline scenarios, monitoring plan and additionality. They confirm the project's potential for generating verified emissions reductions. This validation process ensures the accuracy and legitimacy of the carbon credits.

The carbon offset market is experiencing a period of dynamic growth, leading to a more dynamic environment for third party validation and verification bodies like Earthood. The market landscape consists of both established firms expanding their services and new entrants specializing in certifications and accreditations from various standard-setting bodies.

The role of third-party validation and verification body is likely to remain central to established carbon offset standards for the foreseeable future. These VVBs assess carbon offset projects, ensuring alignment with the standards and regulations. Validated and Verified projects fosters transparency and enhances buyers' confidence in the market. Established bodies verify VVB competence and allow them to validate and verify projects and therefore accreditation remains a cornerstone to the VVBs. Players (VVBs) need to compulsorily obtain accreditations from recognized bodies and regulators to be able to operate in the industry.

### *Our Business Operations*

Set forth below is a description of the core services that we offer to our customers:

- (1) **Carbon validation and verification services:** We provide validation and verification services for the projects to be registered with recognized bodies. Our Company currently holds accreditations from 3 organizations, as under:
  - (a) Global Accreditation Bureau (GAB),
  - (b) ANSI National Accreditation Board (ANAB), and
  - (c) United Nations Framework Convention on Climate Change (UNFCCC)

The Company has also submitted an application to UNFCCC for securing the new accreditation under Article 6.4 of Paris Agreement.

Our Company acts as a validation and verification body (VVB) for certifying carbon offset projects under the aforementioned accreditations and has been granted the status of a Designated Operational Entity (DOE) by the Executive Board of the Clean Development Mechanism (CDM), UNFCCC for validation and verification / certification functions for the projects operating in various sectors in accordance with the CDM Accreditation Procedure.

As an accredited DOE / VVB, our Company is authorized to provide services to carbon offset projects registered with the following registries / standards:

- (1) Clean Development Mechanism (CDM)<sup>#</sup>
- (2) Verified Carbon Standards (VCS)
- (3) Gold Standards (GS)
- (4) Global Carbon Council (GCC)
- (5) Social Carbon
- (6) International Carbon Registry (ICR)
- (7) PuroEarth
- (8) Climate, Community & biodiversity Alliance – CCBA & SD Vista
- (9) Open Forest Protocol – OFP
- (10) Biocarbon Cert S.A.S.
- (11) Certified Carbon Standards – CERCARBONO
- (12) American Carbon Registry
- (13) Foundation of Climate Protection & Carbon Offset Klik
- (14) Ormex
- (15) Plan Vivo

*# The projects under CDM are in process of migrating to Article 6.4 of Paris agreement and our Company has filed application for migration under the same.*

Additionally, Our Company is in process of obtaining registration under Climate Action Reserve.

We have expanded our global footprint by establishing subsidiaries in the UK (in 2021), Turkey (in 2023) and Russia and the UAE (both in 2024). Additionally, our subsidiary is in the process of getting accredited with United Kingdom Accreditation system (UKAS). This international presence enables us to deliver our services more effectively and conveniently to customers in these markets and other regions

For undertaking validation and verification services, our team typically comprises of around 4-5 internal and external subject matter experts, quality officers and technical experts to carry out the process who are approved by the relevant registry / standard. The provision of carbon validation and verification / certification services involves the following components:

- (a) Validation: Pre-assessment for proposed carbon offset projects, ensuring their adherence to established standards and methodologies before they proceed to verification and certification. During validation, independent experts evaluate the project design document (PDD). PDD is assessed against established carbon credit standards like Verra's Verified Carbon Standard (VCS) or the Gold Standard. The project is required to be validated by VVB and then submitted for registration to a registry. Validation of a carbon offset project is one-time activity which typically ranges between 12-15 weeks. Project developers implement the project according to the validated design document, collect data on project activities and emissions reductions and maintain records to ensure compliance with the carbon standard's monitoring requirements.

- (b) Verification: Following the initial validation step, verification involves a rigorous audit conducted by independent, third-party experts or VVBs. We conduct audits, on-site or remote, to verify the project's activities, monitor data and evaluate its performance against the defined methodology to ensure the project has been implemented as planned, delivering the promised emissions reductions. We verify that the claimed reductions are accurate, measurable and directly attributable to the project's activities. Additionally, we confirm the project's ongoing adherence to the chosen carbon credit standard's methodologies and requirements before submitting it to registry for issuance of credits.

The steps of monitoring, project verification and issuance of verified emission reductions are repeated periodically.

## **(2) Environmental, Social and Governance (ESG) services:**

We offer advisory and assurance services which are designed to support organizations in achieving their sustainability goals. Our services include ESG reporting, GHG accounting and inventory management and net zero advisory aligned with the Science-Based Targets Initiative (SBTi). Additionally, we provide life cycle analysis assessment and verification services with respect to carbon foot prints of products as well as advisory services for Clean Border Adjustment Mechanism (CBAM) compliance with European Union Guidelines. We support organizations in reducing their environmental impact through energy audits, water audits, environment due diligence and assistance with extended producers' responsibility (EPR) compliance.

Our team of qualified professionals provides ESG advisory and assurance services under various frameworks, including the Global Reporting Initiative (GRI), Business Responsibility Sustainability Reporting (BRSR) as per SEBI guidelines, Carbon Disclosure Project (CDP), Climate Disclosure Standards Board (CDSB), Science-Based Targets Initiative (SBTi) and Task Force on Climate-related Financial Disclosures (TCFD).

Our ESG advisory and assurance services provide independent verification and assurance of an organization's ESG claims. We offer ESG advisory and assurance as per AA1000as & GRESB standards, GHG Verification as per ISO 14064-3, Carbon Neutrality Certification as per PAS 2060 & ISO 14068 and verification of life cycle analysis for products and services.

The ESG and Sustainability consulting market has grown substantially, reaching USD 14 billion in 2023 and projected to reach around USD 60 billion by 2030. This growth indicates strong demand for ESG advisory services. (*Source: CRISIL Report*)

Stricter regulations around ESG disclosure and reporting requirements are driving companies to seek advisory services to ensure compliance. Investors, customers and other stakeholders are placing greater emphasis on ESG performance, compelling companies to invest in ESG advisory services. Companies are setting ambitious sustainability goals and need expert guidance to develop and implement effective ESG strategies (*Source: CRISIL Report*). Several factors are driving the demand for ESG auditing and verification services. A significant driver is the growing demand for verified ESG data from investors. Investors are increasingly using ESG data to inform their investment decisions, and verified data provides confidence that the information is reliable. Additionally, regulatory pressures are mounting, with directives like the EU Corporate Sustainability Reporting Directive (CSRD) mandating sustainability reporting and verification for certain companies. This regulatory landscape is compelling companies to adopt verified ESG reporting practices. (*Source: CRISIL Report*).

Our sustainability services focus on supporting organizations in reducing their environmental impact. We offer energy audits, water audits, environment due diligence, electrical safety assessments, thermography services, Environment, Health and Safety (EHS) audits and assistance with extended producers' responsibility (EPR) compliance for electronic and plastic waste management. Our team helps organizations identify areas for improvement and implement sustainable practices.

**(3) Farmer Producer Organisation (“FPO”) Advisory:** We collaborate with the Small Farmers' Agri-Business Consortium (SFAC) an autonomous body under the Ministry of Agriculture (Government of India) and with Uttarakhand Integrated Horticulture Development Society (UKIHDS) promoted by Department of Horticulture & Food Processing, Uttarakhand Govt, to support Farmer Producer Organizations (FPOs) which are entities incorporated, owned and managed by farmers in various parts of India. We are authorized to form 36 FPOs in the states including Uttarakhand, Rajasthan and Uttar Pradesh. We offer a comprehensive knowledge base on FPO-related promotion matters, provide guidance and assistance to FPOs by engaging in community mobilization, cluster identification, preparation and implementation of business plans, forward and backward supply chain linkages of their produce and management of resources of the farmers’ organization. As an empanelled Cluster Based Business Organization (CBBO) with the SFAC and UKIHDS, our Company assists the SFAC for implementation of the FPO programs on ground by doing cluster identification, farmer awareness campaign, baseline surveys, developing rating tools, value chain studying and community mobilization.

Our business model involves sourcing and executing projects within our group entities, which enhances convenience and efficiency and customer trust. By leveraging our global presence, we ensure that projects are managed seamlessly. This approach strengthens our ability to adapt to diverse project demands across various locations, enabling us to deliver exceptional results worldwide.

### ***Competitive Strengths***

#### **Accreditations and Registrations with several registries / standards**

Our Company has secured various accreditations which entitle us to perform validation and verification services across multiple geographies. For details on accreditations obtained by our Company, please see “*Our Business Operations*” on page 191.

Obtaining accreditation as a validation and verification body from these recognized bodies such as the UNFCCC, GAB and ANAB is time-consuming and complex process. Typically spanning 2 years, this process requires demonstration of implemented Quality Management System (QMS), technical expertise, procedural precision and operational excellence. The process involves multiple stages, including document review, site assessments, technical evaluations and witness audits, ensuring quality and competence. The rigorous process of obtaining accreditations creates an entry barrier for other industry players. Moreover, maintaining these accreditations demands ongoing investment in personnel training, process refinement and continuous improvement and financially stable business model. As an accredited DOE / VVB, our Company is authorized to provide services to carbon offset projects registered with 15 standards / programs which enables us to cover a significant market share globally. We capitalize on the growing demand for sustainability services driven by climate change. Our expertise in carbon verification and validation services positions us well to meet this growing demand. By expanding our accreditation and services, we aim to increase our market share and establish our company as a reliable leader in the sustainability sector.

#### **Customer acquisition through organic lead generation**

As a validation and verification body registered with major registries / standards such as Verra, Gold standards, American Carbon Registry, and Global Carbon Council. Our name is enlisted on their websites leading to enhanced visibility and credibility among potential clients. By being listed on their websites, we benefit from organic lead generation, which has proven to be a highly effective and cost-efficient means of acquiring new clients in different parts of the world. We are able to eliminate substantial marketing and lead generation expenses and minimize customer acquisition costs, enabling efficient resource allocation. For six months ended period as on September 30, 2024 and Fiscal 24, we successfully converted 83.69% and 83.33% of project requests into clients through organic leads, with 79 and 157 clients, respectively acquired without incurring significant marketing expenses. This cost advantage enables us to focus on delivering high-quality services and driving business growth.

With companies facing growing pressure from regulators or on account of corporate and social commitments to reduce their emissions, the market is experiencing a significant shift in demand, with an increasing number of companies seeking compliance of carbon offsetting either through compliance or voluntary requirement. This surge in demand is not matched by supply by new entrants particularly because obtaining necessary accreditation is a rigorous and time-consuming process. As more businesses seek to comply with regulatory requirements and enhance their sustainability efforts, the growth of the regulatory market will likely accelerate. However, the number of Verification and Validation Bodies (VVBs) providing these services remains limited, creating a supply-demand imbalance. This gap presents both challenges and opportunities in the market, highlighting the need for efficient and scalable solutions to meet the rising demand for carbon verification and reporting services.

### Global client base across diversified industries

We serve diverse industries like Energy, Energy Demand and Manufacturing etc, with a strong global and domestic client base. For carbon verification and validation services, we cater to clients operating in various sectors. For details relating to sectors, please see “*Our Business Operations - Carbon validation and verification services*” on page 191.

Our clients include carbon offset project developers in various sectors, industrial groups, corporations, public sector entities and MSMEs. We establish service-level agreements (SLAs) with clients that outline the expected service standards, performance metrics and any remedies or penalties if those standards are not met.

We have a diversified client base and we have served 132, 100 and 89 countries for Fiscal 2024, 2023 and 2022, respectively. The table below sets forth below our consolidated revenue from clients, segregated on the basis of the years of relationship with such clients:

Period of Relationship	For the six months period ended September 30, 2024			Fiscal 2024			Fiscal 2023			Fiscal 2022		
	No. of Clients	Revenue from such Clients (₹ in Lakhs)	%	No. of Clients	Revenue from such Clients (₹ in Lakhs)	%	No. of Clients	Revenue from such Clients (₹ in Lakhs)	%	No. of Clients	Revenue from such Clients (₹ in Lakhs)	%
Five to Ten years	14	1,633.32	33.96	14	1,786.59	39.34	12	1,206.46	39.37	10	988.00	37.59
Less than 5 years	30	3,176.76	66.04	26	2,755.04	60.66	26	1,858.27	60.63	25	1,640.04	62.41
<b>Total</b>	<b>44</b>	<b>4,810.08</b>	<b>100.00</b>	<b>40</b>	<b>4,541.63</b>	<b>100.00</b>	<b>38</b>	<b>3,064.73</b>	<b>100.00</b>	<b>35</b>	<b>2,628.04</b>	<b>100.00</b>

Our strong client relationships can be attributed to our focus on account management, reliable and quality delivery, deep understanding of the client’s business and our ability to grow and scale the portfolio of services that we provide to our clients over time. Further, we continue to expand our business to newer clients. Quality service enables repeat business and attracts new clients, supporting our long-term growth and customer retention strategy. Our technical expertise, competitive pricing and commitment to results drive our business growth

### Seasoned professionals having extensive industry experience

Our management team, led by our Promoters, Dr. Kaviraj Singh (Executive Director and CEO) and Ashok Kumar Gautam (Executive Director), has extensive industry experience. Each Promoter has nearly two decades



of relevant experience in climate change sector. Our senior management team consists of qualified professionals with relevant experience across various business divisions. They possess mandatory qualifications, accreditation knowledge and project audit experience, ensuring our services meet industry standards, regulatory requirements and best practices.

Their expertise helps us anticipate challenges, navigate complex regulations and provide dependable solutions to clients. Our experienced team also enhances the Company's credibility, mentors junior staff and maintains high standards.

Our Company has further established strategic alliances with prominent industry players, governments and environmental organizations. Our Promoter, Dr. Kaviraj Singh, holds positions in the following organizations:

- President of International Association of Validation & Verification Bodies (IAVVB)
- Member of Expert Advisory Group of Voluntary Carbon Market Integrity Initiative (VCMI)
- Member of the VCS Program Advisory Group

His association with reputed organizations and forums provides us with deep insights into the evolving standards and best practices in carbon markets, allowing us to offer our clients credible and effective carbon management strategies. As an expert, our Promoter's participation ensures we contribute to the integrity of the carbon market and bring that integrity into every aspect of our services.

These alliances help us stay up-to-date on industry developments, adopt latest practices and tap into expertise to deliver innovative solutions to clients. By working with key stakeholders, we ensure our services meet the latest standards, advancements and environmental goals, giving clients a competitive edge in sustainability. Our close ties with governments and regulatory bodies also enhance our ability to navigate complex compliance and inform policy decisions.

We believe that the stability and experience of our management team, particularly our Promoters, position us well to take advantage of future market opportunities. Our senior management is equipped to leverage their collective experience and knowledge to execute our business strategies and support our growth. For further details relating to our Key Managerial Personnel and Senior Management Personnel, see "*Our Management – Key Managerial Personnel and Senior Management Personnel*" on page 229.

## **Quality Assurance**

Delivering quality services is essential to our operations, both domestically and internationally. We customize our Quality Management Systems (QMS) to address the unique needs of our services, ensuring they are flexible and responsive. We actively seek feedback from programs, clients and stakeholders to maintain consistency and compliance across all locations.

To uphold our quality standards, we implement a comprehensive range of measures, including:

- **Internal Technical Reviews:** We conduct rigorous internal reviews of all project reports prior to client submission, allowing us to identify potential issues and ensure high-quality outcomes.
- **External Validation/verifications and Accreditation:** We undergo various annual external validation/verifications, including on-site performance assessments and regular surveillances. Re-accreditation by recognized programs such as UN, ANAB, VERRA and GCC not only ensures authenticity and integrity but also helps us benchmark our practices against industry leaders.
- **Continuous Improvement of QMS:** Our QMS is not static; we continuously refine it based on stakeholder feedback and evolving Standards/Programs. This adaptability allows us to respond effectively to changing environments and challenges.

- **Timely Service Delivery:** Our commitment to delivering services on time is paramount. We prioritize customer satisfaction by setting clear timelines and maintaining open communication with clients throughout the process.
- **Ongoing Training and Development:** We regularly update our team on the latest industry standards and best practices. This includes developing new systems and procedures that enhance our service delivery efficiency and effectiveness.
- **Quality Assurance Resources:** We allocate dedicated resources for quality assurance, conducting internal validation/verifications to ensure that all projects adhere strictly to established guidelines and standards.
- **Capacity Building:** We invest in regular training sessions, both internal and external, to enhance employee skills and knowledge, ensuring our team is well-equipped to meet current demands and future challenges.

These comprehensive measures promote transparency, establish multiple layers of checks and encourage public scrutiny, all of which reinforce our unwavering commitment to quality assurance. By fostering a culture of continuous improvement and accountability, we strive to exceed client expectations and maintain our reputation as a leader in service excellence.

### *Strategies*

#### **Strengthening our technology infrastructure to improve operational efficiency**

To enhance operational efficiency, our Company plans to digitize the entire process of validating and verifying carbon projects using a Digital Monitoring Reporting & Verification (DMRV) system that offers the potential to enhance operational efficiency and productivity. By integrating this technology into our current process with the support of registries, we will be able to reduce project delivery timelines, increase revenue through enhanced client confidence, improve carbon credit measurement accuracy and reduce errors, address concerns about carbon credit authenticity, streamline processes through advanced software and automation tools, enhance data accuracy and reduce manual work.

Implementing DMRV (Digital Monitoring, Reporting and Verification) with Earthlink can greatly enhance employee efficiency and productivity. By automating carbon validation and verification processes, we can reduce the time and effort needed for data collection, analysis and reporting, which minimizes human error and reliance on manual tasks. This boost in productivity directly impacts profitability by lowering operating costs and increasing margins.

Earthlink's advantages over traditional methods include:

- **Automated Data Collection:** Saves time and effort.
- **Improved Accuracy:** Technology-driven monitoring enhances data quality.
- **Real-Time Insights:** Facilitates quicker decision-making and issue resolution.
- **Scalability:** Effectively manages large and complex projects.
- **Blockchain Transparency:** Builds trust in carbon markets with secure registries.

Overall, Earthlink streamlines compliance, enhances operational efficiency and strengthens market confidence, leading to increased revenue and a better reputation.

By implementing digital platforms for project management, data analysis and reporting, we will save time and costs, improve service quality and reliability and gain better insights, predictive analytics and transparency in carbon validation and ESG metrics. The primary benefit of this investment lies in its potential to make our

operations more efficient and effective, positioning us for long-term growth by increasing our project capacity. However, the financial returns from this investment may take some time to materialize as the benefits focus on operational improvements rather than immediate enhancement in revenues.

This technology focus will drive innovative solutions, maintain competitiveness in a rapidly changing market and enhance service delivery, client satisfaction and overall operational performance of our Company.

### **Expanding our geographical reach through strategic investments to enhance capabilities**

To better serve our clients and capitalize on emerging regulatory markets, we plan to expand our geographical presence by establishing offices in key regions. Our current offices are located in the UK, Turkey, Russia and UAE. Additionally, we have a team stationed in Sao Paulo, Brazil to cater to clients in Latin America. Having a strategic presence offers several advantages, including the ability to foster enhanced client relationships and retention. By being physically present in the same region as our clients, we can build stronger, more personal connections with them, leading to increased loyalty and repeat business. Additionally, a local presence allows us to gain a deeper understanding of regional markets and regulations, enabling us to tailor our services to meet the specific needs of each region. Furthermore, partnering with local firms increases our credibility and reputation in the area, while also providing access to local talent, ensuring smooth operations and seamless project execution.

Our regional expansion strategy is designed to capitalize on emerging opportunities and manage potential risks. We begin by identifying high-demand regions and growth opportunities, where our services are most needed and can have the greatest impact. Next, we lease office spaces in these regions, rather than investing in them directly, to minimize risk and maintain flexibility. We also partner with local firms, who possess intimate knowledge of the region's unique challenges and opportunities, to facilitate market entry and build credibility. Further, we invest in local talent, hiring and training regional experts who can navigate the nuances of each market and ensure seamless project delivery. As part of our global expansion, we have currently hired 8 new professionals with expertise in climate change and environmental, social, and governance (ESG) practices with three of them in the UK, three in Russia, one in the UAE, and one in Turkey. Given their strong knowledge base in ESG frameworks, sustainability, and climate change, we believe that they will help us grow our presence in the global sustainability sector in these geographies. These new team members were selected for their connections with local partners, and industry leaders and their reach within the industry. We expect that their networks will allow us to quickly access stakeholders in the ESG and climate change sectors, opening doors to new business opportunities and partnerships. While it may take some time for the new team members to fully settle in and start delivering results, we believe their expertise will provide significant long-term benefits. Their contributions will help us tap into new markets and ensure we are well-positioned to meet the rising global demand for sustainable solutions

This geographical expansion not only increases market share but also enhances the Company's global footprint. Below is the region wise bifurcation of our exports on consolidated basis:

Regions	For the six months period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	% of total revenue from operations	Amount (₹ in Lakhs)	% of total revenue from operations	Amount (₹ in Lakhs)	% of total revenue from operations	Amount (₹ in Lakhs)	% of total revenue from operations
Asia*	435.31	19.89	1109.50	23.71	849.30	26.22	266.13	26.32
Africa	783.96	35.81	1678.90	35.88	1098.63	33.92	177.66	17.57
Europe	245.99	11.24	232.58	4.97	170.67	5.27	24.94	2.47

North America	119.24	5.45	187.22	4.00	104.17	3.22	28.67	2.84
South America	225.57	10.30	162.10	3.46	249.42	7.70	96.38	9.53
Australia	40.78	1.86	62.60	1.34	14.35	0.44	17.61	1.74
<b>Total</b>	<b>1850.84</b>	<b>84.55</b>	<b>3432.90</b>	<b>73.36</b>	<b>2486.54</b>	<b>76.77</b>	<b>611.39</b>	<b>60.47</b>

*\*excluding revenue from operations in India*

Our Company has expanded into new markets. We plan to continue this growth trajectory through strategic acquisitions, investments and partnerships that enhance our service offerings and strengthen our market presence. Our Company will be strategically allocating the funds in the reserves for potential acquisitions, allowing the Company to expand its market presence and the team, diversify its offerings, or enhance technological capabilities. By utilizing such funds, the company can pursue growth opportunities that align with its strategic goals without relying on external financing, thereby maintaining financial flexibility.

Our acquisition strategy encompasses setting up subsidiaries in new geographies or identifying targets that (a) possess domain expertise; (b) bring new customers or capabilities; (c) enhance our technology infrastructure and service offerings; (d) expand our geographical reach; (e) strengthen market share; (f) possess strong management teams

We conduct thorough due diligence, execute non-disclosure agreements and obtain necessary approvals from our Board and shareholders before finalizing acquisitions. These transactions may involve cash, share-based structures, or a combination thereof.

While we are actively exploring opportunities, no definitive agreements have been entered into as of the date of this Draft Red Herring Prospectus. The deployment of funds will depend on various factors, including timing, size and nature of acquisitions, as well as our operational and financial performance.

### ***Focus on ESG services***

We intend to continue our focus on ESG services, both domestically and internationally, to drive growth through customer retention and acquisition. This strategic focus aims to support industries in overcoming ESG reporting, risk management and sustainable development challenges, while capitalizing on the growing demand driven by stricter regulations, increasing importance of ESG performance and companies setting ambitious sustainability goals. By expanding our ESG services, we can help more industries manage the challenges of ESG reporting, risk management and sustainable development. ESG advisory market is integral to maintaining the credibility and transparency of corporate ESG performance. To strengthen our ESG business, we will invest in hiring subject matter experts, advancing our technology infrastructure and strategically expanding our office network to enhance our presence in key markets.

Our ESG service portfolio includes independent verification of ESG reports against established standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), as well as assurance engagements providing expert opinion on the fairness and accuracy of ESG disclosures. Additionally, we offer targeted verification services focusing on specific ESG aspects, including greenhouse gas emissions, social responsibility practices and supply chain sustainability. Leveraging standardized verification methodologies and technological advancements in data analytics and blockchain, our expert services will cater to publicly traded companies, large private entities and organizations subject to regulatory requirements, such as the EU Corporate Sustainability Reporting Directive (CSRD).

The growing number of companies starting their ESG initiatives is driving high growth in this area. The ESG and Sustainability consulting market has grown substantially, reaching USD 14 billion in 2023 and projected to

reach around USD 60 billion by 2030. This growth indicates strong demand for ESG advisory services (*Source: CRISIL Report*)

Key drivers of ESG auditing and verification demand include the growing demand for verified ESG data from investors, increasing regulatory pressures and enhanced stakeholder trust. To support our expansion, we will continuously develop our team's expertise through ongoing training and industry trend updates, enhance brand visibility through broader marketing efforts, leverage referral contacts, client database, newsletters and conferences and directly engage with clients to drive revenue growth. Our strategic objectives include establishing strong relationships with key stakeholders, expanding our client base and solidifying our market position as a ESG advisory and assurance partner

### ***Leveraging existing CDM pipeline***

The shift from the Clean Development Mechanism (CDM) to the Paris Agreement presents a significant opportunity for our validation and verification business. The existing pipeline of CDM activities can be leveraged to quickly scale up mitigation and adaptation actions under Article 6.4 and international cooperative approaches in Article 6.2. As per the CRISIL Report, Article 6.4 of the Paris Agreement defines a mechanism that can be understood as a modified and 'improved' version of the Clean Development Mechanism (CDM). The rules and modalities that govern Article 6.4 mechanism are still being developed. Once they are operational, the Article 6.4 supervisory body will register projects, and countries will be able to approve *and* authorize activities under Article 6.4. To capitalize on this opportunity the projects under CDM are in process of migrating to Article 6.4 of Paris Agreement and our Company has filed application for migration under the same.

Our existing CDM experience will serve as a competitive advantage as we target new customers and projects emerging from the transition. We will prioritize building relationships with key stakeholders and expanding our geographic reach. We will track the key performance indicators such as the number of projects under compliance requirements, revenue growth from new customers, expansion into new geographic markets and customer satisfaction and retention rates to help us measure our success and adjust our strategy as needed.

### ***Capitalising on the growth opportunities in Emissions Trading Schemes (ETS) market***

As domestic emissions trading schemes (ETS) continue to proliferate globally, there is a growing demand for reliable validation and verification services to ensure the integrity of these markets. Our Company is well-positioned to capitalize on this opportunity by offering validation & verification services to various participants in ETS.

As per the CRISIL Report, globally, there are currently 75 carbon pricing instruments in operation, comprising 36 emission trading systems and 39 carbon taxes. Furthermore, an additional 22 instruments are in various stages of consideration and development which presents significant market potential for our validation and verification services.

To effectively serve this expanding market, we intend to strategically expand our operational presence in key ETS markets which will facilitate direct client engagement and foster relationships with regulators and other stakeholders. We will engage with local firms, NGOs and governmental bodies to stay abreast of market dynamics and policy developments. We will actively participate in online policy discussions, advocating for robust regulatory frameworks that promote environmental sustainability. To drive business growth, we will implement a data-driven approach, utilizing analytics and market intelligence to identify opportunities, track market trends and measure our performance.

### ***Workflow Process***

For validation and verification, the following execution process is followed by our Company:



<b>Desk Review &amp; Planning for the site Visit</b>	<p>The validation/verification team commences the desk review with a checklist/protocol designed that is developed in accordance with the applicable standards/rules/guidances (relevant to selected GHG programme) applicable to the service scope. A plan in consultation with client for availability and proposed site visit dates mutually agreed is prepared and sent to client in advance of onsite validation/verification. It is expected that the client will submit as much information as possible via email during this period to make the validation/verification process faster and smoother. The Client is responsible for travel, boarding and lodging arrangements and bookings for the agreed-on site validation/verification for the team involved unless otherwise agreed.</p>
<b>On-Site Assessment &amp; Findings</b>	<p>The team conducts the validation/verification on site (not earlier than 14 days after receipt of project documents from Client- subject to visa approval) and items are covered as per plan. The team undertakes physical inspection of the process and technology (all that is included in the project boundary including installations of equipment and metering system) of the project activity and may also interact with personnel responsible for implementation and operation (monitoring activities) thereof. The purpose of on-site validation/verification is to record the conformance and non-conformance, if any. At the end of site visit, all the findings/observations, which may be CARs/CLs/FARs are explained and issued to the client that provide an opportunity to respond against these non-conformities and propose and/or take necessary actions. Interactions with local stakeholders may be required and comments raised during stakeholders' consultation process, if any, would be added as validation/verification findings</p>
<b>Resolution of Findings</b>	<p>Upon receipt of the client's response to findings and evidence the team reviews and resolves the raised findings, as appropriate. In the event the response/actions to the findings are not satisfactory the unresolved findings are returned to the Client as next round of findings. After 3 rounds of assessment (of the responses) we reserves the right to issue its opinion considering the last response as final or charge additional for extra mandays it requires to review further attempts made by the Client to the unresolved findings. A prior notification will be given to client in this regard and a written agreement would be required under these situations that is agreeable to both parties</p>
<b>Issuance of draft Validation / Verification Report</b>	<p>Following the reporting of findings, a draft validation/verification report which summarizes the entire assessment (relevant to agreed service scope) is prepared by the team that includes the draft opinion of us. The draft report is issued to the</p>

	client as a deliverable and for comments, if any, prior to submitting it to internal Technical Reviewer (TR).
<b>Internal Technical Review</b>	The draft report along with supporting documents/evidence is submitted to and independent internal Technical Reviewer (TR) to confirm if the validation/verification team has followed applicable standards/rules/guidance put in place by the GHG programme and internal procedures were compiled by validation/verification team. Any issue raised during technical review on project documentation has to be addressed by Client. Client and internal validation/verification team working on the project shall respond to findings from technical review. If any issues that are raised during technical review on project documentation these have to be addressed and resolved by Client. The TR either accepts the draft validation/verification report or rejects the same and giving the reasons for same.
<b>Completeness Check</b>	Once all findings have been addressed and the project documents and report are deemed compliant with relevant standards and requirements by our internal technical reviewer(s), an independent consistency and completeness check is conducted. This final step ensures the overall quality of the audit report and adherence to acceptable submission templates and formats
<b>Issuance of Final Validation / Verification Report</b>	After the completeness check, the final validation/verification report is signed by Chief Executive Officer for its authorized release/issuance. The final validation/verification report (if positive) together with client's is submitted to as per applicable procedures prescribed in latest GHG programme. The client will be kept informed of the further stages by the GHG programme/registry through the focal points nominated and by us, if so requires.

## Sales & Marketing

Our Company leverages its registered status as a validation and verification body to attract potential clients through visibility on websites of the registries / standards. As a registered validation and verification body with major registries, our listing on their websites boosts our visibility and credibility, attracting potential clients. This presence helps generate organic leads, making client acquisition both effective and cost-efficient. Consequently, we can significantly reduce marketing expenses and customer acquisition costs, allowing us to allocate resources more efficiently. Additionally, we employ a multifaceted sales and marketing strategy centred on raising awareness about our work. Our digital presence is strategically established on social media platforms, including LinkedIn to engage with our target audience. We actively participate in climate change conferences globally, utilizing these events as vital opportunities to showcase our expertise, educate stakeholders on climate change issues and establish meaningful connections through informal networking sessions. Furthermore, we host complimentary webinars on the latest carbon offset and ESG policy updates, featuring senior team members as esteemed speakers at national and international conferences.

To amplify our reach, we have implemented a comprehensive, integrated marketing approach targeting a broad customer base. This strategy focuses on:

- (a) Multichannel engagement through mass media and social media
- (b) Thought leadership establishment through conference participation as expert speakers
- (c) Relationship-building with existing customers to ensure long-term partnerships
- (d) Quality service delivery exceeding customer expectations
- (e) Conducting free webinar on the topic related to climate change and ESG
- (f) Strategic networking and collaborations

By executing this strategy, we aim to enhance brand visibility and credibility, expand our customer base and market share, drive business growth and revenue and contribute to climate change mitigation through awareness and education,

Our commitment to quality service, thought leadership and strategic marketing will drive our Company's continued success and growth in the dynamic carbon offset and ESG landscape.

### **Technical Collaborations**

Our Company does not have any technical collaboration as on the date of this Draft Red Herring Prospectus.

### **Technology and Data Privacy**

We believe that an appropriate information technology infrastructure is important to support the growth of our business. We rely on third-party software for applications for managing data, complaints & issue tracking, expense manager, business performance analysis, working capital management, MIS and automated reporting, purchase order management, ledger manager, GST invoicing and reconciliation, payment gateway integration & reconciliation. We are continuously innovating features and service offerings, to enhance our value proposition to a seamless experience for our clients.

As our business depends on the trust in us, we are committed to protecting our clients' data. Protecting our technology infrastructure and client data from cyber threats is extremely important to us. We limit access to clients' data based on necessity and maintain records. We store personal data in accordance with applicable laws and regulations.

### **Competition**

Our Company operates in a niche industry. We have a number of competitors offering services similar to us.

Players in the verification and validation industry cater to projects across all the major sectors. While major players offer similar services, Earthood specializes in the Carbon Offset Market validation and verification area across different programs. Earthood possesses a diverse range of accreditations, including those from the United Nations Framework Convention on Climate Change (UNFCCC) as a Designated Operational Entity (DOE), the ANSI National Accreditation Board (ANAB), and the Global Accreditation Bureau (GAB). These accreditations enable Earthood to certify carbon offset projects across diverse array of programs and registries including the Clean Development Mechanism (CDM), Verified Carbon Standards (VCS), Gold Standards (GS), and several others. In total the company can provide validation and verification services under 15 registries and standards, allowing it to operate in multiple regulatory environments (*Source: CRISIL Report*).

We believe the principal elements of competition in our industry are service quality, price, timely delivery and reliability and most importantly our pace in keeping up with the required regulations and changing technology in the industry.

To stay ahead of our competitors, we engage qualified professionals with industry-specific knowledge to enhance the Company's credibility and trustworthiness.

For further details on our competition, please see "*Industry Overview*" on page 125 of this Draft Red Herring Prospectus.

### **Corporate Social Responsibility**

Our Corporate Social Responsibility ("CSR") Committee is entrusted with the primary responsibility of formulating the CSR initiatives of our Company. For further information relating to the constitution of the CSR Committee and their terms of reference, see "Our Management – Corporate Social Responsibility



Committee” on page 228 of this Draft Red Herring Prospectus. Our CSR activities are primarily focused on fostering sustainable development and contributing to the overall upliftment of local communities.

The following table sets forth our CSR expenses as per our restated consolidated financial statements, in absolute terms and as a percentage of revenue from operations, for the years indicated:

Particulars	For the six months period ended September 30, 2024		Fiscal 2024		Fiscal 2023*		Fiscal 2022*	
	Amount (₹ in Lakhs)	Percentage	Amount (₹ in Lakhs)	Percentage	Amount (₹ in Lakhs)	Percentage	Amount (₹ in Lakhs)	Percentage
CSR expenses	-	-	8.75	0.19%	-	-	-	-

\*During Fiscals 2023 and 2022, the Company was not statutorily required to incur any CSR expenses

## Insurance

We maintain insurance policies that are customary for companies operating in our industry. Our principal types of coverage include professional indemnity insurance. These insurance policies are renewed periodically. In our experience, the amount of insurance currently maintained by us represents an appropriate level of coverage required to insure our business and operations. Our policies are subject to customary exclusions and deductibles. For further information, please see *Risk Factor No. 31 – “Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations, cash flows and financial condition.”* on page 56 of this Draft Red Herring Prospectus.

## Employees

As of March 31, 2022, March 31, 2023 and March 31, 2024, we had 35, 46 and 64 employees, respectively. Further, as of November 30, 2024, we had 92 employees, as set forth below, by function:

Function / Department	No of Employees
Accounts & Finance Department	3
Human Resource Department	1
Sales & Marketing Department	10
MD Office	3
Climate Change	60
ESG	6
FPO advisory	7
IT	2
<b>Total</b>	<b>92</b>

Further, we engage local professionals on a contractual basis to provide certain consulting and auditing services in relation to our customers operating in the international markets.

We focus on providing proper and adequate training to our employees and the local professionals engaged by the Company, which includes the following aspects:

- a) General GHG auditing knowledge and skills
- b) GHG accounting and monitoring
- c) Additionality assessment and baseline establishment
- d) Quality or environmental management systems
- e) Auditing knowledge and skills
- f) Team leader skills
- g) Technical and methodological aspects
- h) Regional aspects and applicable rules/requirements of host country(ies)
- i) Leadership, management and operation skills

The training is imparted by using one or the combination of following types of training:

- Workshops/classroom
- Self-study
- On the job
- Distance training (e.g. using online methods)
- Open discussions in presence of a moderator
- Guidance document / note, etc.
- Participation in external training (e.g. VVB meetings/training/ United Nations calculation workshops etc.)

### **Intellectual Property**

Our Company has on April 17, 2024 made an application vide no. 6394059 for registration of our logo ‘**Earthood**’, under Class 42 with the Registrar of Trademarks in India under the Trade Marks Act, 1999. The domain name <https://www.earthood.in/> and <https://www.earthood.com/> is registered in our name.

For more information, please refer chapter titled “*Government and other approvals– Intellectual property related approvals*” on page 355 of this Draft Red Herring Prospectus. Also, see “*Risk Factors no. 37 - Our Company’s logo is not registered as on date of this Draft Red Herring Prospectus. However, application for registration of our trademark has been filed. We may be unable to adequately protect our intellectual property and/ or be subject to claims alleging breach of third-party intellectual property rights.*” On page 58 of this Draft Red Herring Prospectus.

### **Material Properties**

Our registered office is located at 12003-12005, Tower B, Emaar Digital Greens, Sector 61, Gurugram - 122011, Haryana, India admeasuring 4403.66 sq. ft. or thereabouts and is held by us on a leasehold basis for a period of 5 years up to January 20, 2028.

## KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the shareholders and neither designed, nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see the section titled “Government and Other Approvals” on page 354 of the Draft Red Herring Prospectus.*

### **Kyoto protocol and carbon credits**

The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change with the objective of reducing Green House Gases (GHGs) that cause climate change. The Kyoto Protocol was agreed on December 11, 1997 at the third conference of the parties to the treaty when they met in Kyoto and entered into force on February 16, 2005. India signed and ratified the Kyoto Protocol in August, 2002. The Kyoto Protocol defines legally binding targets and timetables for reducing the GHG emissions of industrialized countries that ratified the Kyoto Protocol. Governments have been separated into developed nations (who have accepted GHG emission reduction obligations) and developing nations (who have no GHG emission reduction obligations). The protocol includes Flexible Mechanisms which allow developed nations to meet their GHG emission limit by purchasing GHG emission reductions from elsewhere. These can be bought either from projects which reduce emissions in developing nations under the Clean Development Mechanism (—CDM) or the Joint Implementation scheme or under Emission trading from developed nations with excess allowances.

Pursuant to Article 12 of the Kyoto Protocol, the CDM allows emission-reduction (or emission removal) projects in developing countries to earn certified emission reduction (—CER) credits, each equivalent to one tonne of carbon dioxide. These CERs can be traded and sold and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol.

Article 17 of the Kyoto Protocol, allows countries that have emission units to spare – emissions permitted to them but not "used" - to sell this excess capacity to countries that are over their targets. Thus, a new commodity was created in the form of emission reductions or removals. Since carbon dioxide is the principal greenhouse gas, it is known simply as trading in carbon.

The procedure for obtaining certification was laid down in a Decision of the Conference of Parties in 2005 (the apex decision making body under the Kyoto Protocol) and it involves submitting proposals to the ‘Designated National Authority’, which must register the project before it can be submitted to the relevant authority under the executive board of the United Nations Framework Convention on Climate Change [UNFCCC].

The designated authority in India is the National Clean Development Mechanism Authority, under the Ministry of Environment and Forests. Once a proposal has been approved by the ‘Designated National Authority’, an accredited third party institution, a ‘Designated Operational Entity’, validates the project and submits the proposal to the ‘Executive Board’, which is a body set up under the Kyoto Protocol to monitor CDM projects at the international level.

### **Paris Agreement**

The Paris Agreement (“**Agreement**”) is a landmark environmental accord that was adopted in 2016 to address climate change and its negative impacts. India also ratified this agreement in 2016. The agreement aims to substantially reduce global greenhouse gas emissions in an effort to limit the global temperature increase in this century to 2 degrees Celsius above pre-industrial levels, while pursuing means to limit the increase to 1.5 degrees.

The Agreement includes commitments from all major emitting countries to cut their climate-altering pollution and to strengthen those commitments over time. The pact provides a pathway for developed nations to assist developing nations in their climate mitigation and adaptation efforts and it creates a framework for the transparent monitoring, reporting and racking up of countries' individual and collective climate goals.

The Agreement aims at:

- A requirement for mitigation measures of individual countries to be expressed in nationally determined contributions (NDCs);
- A process that demands a revision of NDCs at least every 5- years representing progression beyond the last NDCs;
- A mechanism for countries to achieve NDCs jointly, sharing mitigation targets and a mechanism for countries to cooperate in achieving NDCs. Countries can meet their NDC targets by transferring 'mitigation outcomes' internationally – either in the context of emission trading, or to allow results based payments
- A mechanism for private and public entities to support sustainable development projects that generate transferrable emission reductions;
- A framework for enhanced transparency and an expert review of NDCs;
- A Global Stocktake from 2023 and every 5 years thereafter to review progress;
- Encouragement for Parties to implement existing frameworks for REDD+ including through the provision of results-based payments;
- A global goal of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change and commitment to providing enhanced support for adaptation;

### **The Information Technology Act, 2000 (the “IT Act”) and the rules made thereunder**

The IT Act seeks to: (i) provide legal recognition to transactions carried out by various means of electronic data interchange involving alternatives to paper-based methods of communication and storage of information; (ii) facilitate electronic filing of documents; and (iii) create a mechanism for the authentication of electronic documentation through digital signatures.

Further, the IT Act facilitates electronic commerce by recognizing contracts concluded through electronic means, protects intermediaries in respect of third-party information liability and creates liability for failure to protect sensitive personal data. The IT Act also prescribes civil and criminal liability including fines and imprisonment for computer related offences including those relating to unauthorized access to computer systems, tampering with or unauthorised manipulation of any computer, computer system or computer network and damaging computer systems and creates liability for negligence in dealing with or handling any sensitive personal data or information in a computer resource and in maintaining reasonable security practices and procedures in relation thereto, among others.

### **General Corporate Law and Commercial Law**

#### **The Companies Act, 2013**

The Companies Act, 2013, has replaced the Companies Act, 1956 in a phased manner. The Act received the assent of President of India on 29th August 2013.

The Companies Act primarily regulates the formation, financing, functioning and restructuring of separate legal entity as companies. The provisions of the Act state the eligibility, procedure and execution for various functions of the company, the relation and action of the management and that of the shareholders. The law laid down transparency, corporate governance and protection of shareholders & creditors. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

#### **Indian Contract Act, 1872**

Indian Contract Act codifies the way we enter into a contract, execute a contract, implement provisions of a contract and effects of breach of a contract. The Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced as amended from time to time. It determines the circumstances in which promise made by the parties to a contract shall be legally binding on them.

## **Foreign Exchange Regulations**

### **Foreign Exchange Management Act, 1999 (“the FEMA”) and Rules and Regulations thereunder**

FEMA is an Act of the Parliament of India to consolidate and amend the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India. This Act makes offences related to foreign exchange civil offenses. It extends to the whole of India, replacing FERA, which had become incompatible with the pro-liberalization policies of the Government of India. FEMA is a regulatory mechanism that enables the Reserve Bank of India to pass regulations and the Central Government to pass rules relating to foreign exchange in tune with the Foreign Trade policy of India.

FEMA enabled a new foreign exchange management regime consistent with the emerging framework of the World Trade Organization (WTO). While one deal with foreign exchange; be it for imports, exports, inbound investments or for outbound investments, provisions of FEMA need to be complied with.

## **Employment related legislations**

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws other than state-wise shops and establishments acts, which may be applicable to our Company due to the nature of our business activities:

- Code on Wages, 2019\*;
- Code on Social Security, 2020\*;
- The Employee’s Compensation Act, 1923;
- The Payment of Gratuity Act, 1972;
- The Payment of Bonus Act, 1965;
- The Maternity Benefit Act, 1961;
- The Employees’ State Insurance Act, 1948;
- The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- The Equal Remuneration Act, 1976; and

*\*Certain provisions of the Code on Wages and the Code on Social Security have been notified as on date.*

In order to rationalise and reform labour laws in India, the Government of India has notified four labour codes which are yet to come into force as on the date of this Draft Red Herring Prospectus, namely:

- (i) The Code on Wages, 2019 received the assent of the President of India on August 8, 2019. Through its notification dated December 18, 2020, the Government of India brought into force certain sections of the Code on Wages, 2019. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976; and
- (ii) The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020. Through its notification dated April 30, 2021, the Government of India brought into force section 142 of the Code on Social Security, 2020. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume several separate legislations including the Employee’s Compensation Act, 1923, the Employees’ State Insurance Act, 1948, the Employees’ Provident Funds and

Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972.

## **Intellectual Property Laws**

### **The Trade Marks Act, 1999 (the “Trademarks Act”)**

The Trademarks Act governs the statutory protection of trademarks and prohibits any registration of deceptively similar trademarks, among others. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement of such marks. Indian law permits the registration of trademarks for both goods and services. Under the provisions of the Trademarks Act, an application for trademark registration may be made before the Trademark Registry by any person claiming to be the proprietor of a trade mark, whether individual or joint applicants and can be made on the basis of either actual use or intention to use a trademark in the future. Once granted, a trademark registration is valid for 10 years unless cancelled, subsequent to which, it can be renewed. If not renewed, the mark lapses and the registration are required to be restored. Further, pursuant to the notification of the Trade Marks (Amendment) Act, 2010 (“**Trademark Amendment Act**”) simultaneous protection of trademarks in India and other countries has been made available to owners of Indian and foreign trademarks. The Trademark Amendment Act also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to conform Indian trademark law to international practice.

## **Tax Laws**

### **Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every domestic or foreign company whose income is taxable under the provisions of this Act or rules made under it depending upon its “*Residential Status*” and “*Type of Income*” involved. Under section 139(1) every Company is required to file its income tax return for every previous year by October 31 of the assessment year. Other compliances like those relating to tax deduction at source, fringe benefit tax, advance tax and minimum alternative tax and the like are also required to be complied with by every company.

### **Goods and Service Tax (“GST”)**

GST is an indirect tax applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. The GST is levied as Dual GST separately but concurrently by the Union (central tax CGST) and the States (including Union Territories with legislatures) (State tax SGST) / Union territories without legislatures (Union territory tax- UTGST). The Parliament has exclusive power to levy GST (integrated tax IGST) on inter-State trade or commerce (including imports) in goods or services. It was introduced as The Constitution (One Hundred and First Amendment) Act, 2017, following the passage of Constitution 122nd Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India.

### **Central Goods and Services Tax Act, 2017 (“CGST Act”)**

CGST Act regulates the levy and collection of tax on the intra-State supply of goods and services by the Central Government or State Governments. The CGST Act amalgamates a large number of Central and State taxes into a single tax. The CGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration. Such registrations can be amended, as well as cancelled by the proper office on receipt of application by the registered person or his legal heirs.

### **The Integrated Goods and Services Tax Act, 2017 (“IGST Act”)**

The IGST Act regulates the levy and collection of tax on the inter-State supply of goods and services by the Central Government or State Governments. It also includes the import and export of goods and services. The IGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated under the provisions of the Companies Act, 1956 as 'Earthood Services Private Limited' pursuant to a certificate of incorporation dated September 14, 2012 issued by the Registrar of Companies, Delhi and Haryana at New Delhi. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to 'Earthood Services Limited' pursuant to a special resolution passed by our Shareholders on July 9, 2024 and a fresh certificate of incorporation dated September 23, 2024 issued by the RoC.

### Changes in the Registered Office of our Company since incorporation

The details of changes in the registered office of our Company since the date of its incorporation are as follows:

Date of change	Details of change in the registered office	Reasons for change
February 25, 2013	The registered office of our Company was shifted from 105, First Floor, Royal Palm Apartments, Plot No GH-06, Sector-56, Gurgaon- 122003 to 904B, 9th Floor, Nirvana Arcadia, Sector-50, Nirvana Country, Gurgaon- 122018.	Administrative convenience
July 8, 2014	The registered office of our Company was shifted from 904B, 9th Floor, Nirvana Arcadia, Sector-50, Nirvana Country, Gurgaon- 122018 to 224, 2nd Floor, Tower- A2, Spaze I-Tech Park, Sector 49, Sohna Road, Gurgaon- 122018	Administrative convenience
July 03, 2017	The registered office of our Company was shifted from 224, 2nd Floor, Tower- A2, Spaze I-Tech Park, Sector 49, Sohna Road, Gurgaon- 122018 to 424a Spaze I-Tech Park, Tower B-3, 4th Floor Sector-49 Gurgaon – 122002	Administrative convenience
November 22, 2019	The registered office of our Company was shifted from 424a Spaze I-Tech Park, Tower B-3, 4th Floor Sector-49 Gurgaon – 122002 to Unit No 409 and 410, 4th Floor, Tower B4, Spaze I Tech Park Sohna Road, Sector- 49, Gurugram- 122018	Administrative convenience
February 13, 2023	The registered office of our Company was shifted from Unit No 409 and 410, 4th Floor, Tower B4, Spaze I Tech Park Sohna Road, Sector- 49, Gurugram-122018 to DG-B 12-003/12-004/12005, Digital Greens, Sector 61, Gurgaon – 122011	Administrative convenience
June 21, 2024	The registered office of our Company was shifted from DG-B 12-003/12-004/-12005, Digital Greens, Sector 61, Gurgaon – 122018 to 12003 TO 12005, 12th Floor, Tower B, Emaar Digital Greens, Sector-61, Golf Course Extension Road, Gurgaon, Haryana, India, 122011	Administrative convenience

### Main objects of our Company

The main objects contained in the Memorandum of Association are as follows:

- 1) To conduct and carry on the business of inspection, testing, Green House Gas audit, assessment or compliances in India and/or abroad for all customers regarding conformance of relevant/applicable (national and/or international) standards/guidances/practices.

- 2) To advise, provide, procure or make available advisory services, develop and implement products or services for customers in and outside India covering all branches of services including management, commercial, business, statistical, financial, accountancy, information technology, medical, legal, educational, engineering, communication, energy and environmental.
- 3) To conduct, sponsor, participate and impart education/knowledge/training and establish such systems/facilities regarding objects of the company by various means, including but not limited to, training programmers, courses, seminars and conferences

The main objects, as contained in our Memorandum of Association, enable our Company to carry on the business being carried on and proposed to be carried on by our Company.

#### **Amendments to our Memorandum of Association in the last ten years**

Set forth below are the amendments to our Memorandum of Association in the last 10 years preceding the date of this Draft Red Herring Prospectus:

<b>S. No.</b>	<b>Date of Shareholders' Resolution</b>	<b>Details of Amendment</b>
1.	September 18, 2012	Clause V of the Memorandum of Association was amended to reflect the change in the authorized share capital from ₹3,00,000 comprising of 30,000 Equity Shares of ₹10 each to ₹18,00,000 comprising of 1,80,000 Equity Shares of ₹10 each
2.	December 13, 2023	Clause V of the Memorandum of Association was amended to reflect the change in the authorized share capital from ₹18,00,000 comprising of 1,80,000 Equity Shares of ₹10 each to ₹20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹10 each
3.	May 27, 2024	Clause V of the Memorandum of Association was amended to reflect the change in the authorized share capital from ₹20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹10 each to ₹40,00,00,000 comprising of 4,00,00,000 Equity Shares of ₹10 each.
4.	May 27, 2024	Adoption of new set of Memorandum of Association of the Company in accordance with the provisions of Companies Act, 2013 in place of the existing Memorandum of Association with no change in existing 'Clause III (A)' containing the main objects sub-clause no. 1 to 3.
5.	July 09, 2024	Clause I was amended to reflect the change in the name of our Company from 'Earthood Services Private Limited' to 'Earthood Services Limited', pursuant to conversion of our Company into a public limited company.

#### **Major events and milestones of our Company**

The table below sets forth some of the major events and milestones in the history of our Company:

<b>Calendar Year</b>	<b>Particulars</b>
2012	Incorporated as Earthood Services Private Limited
2017	Expansion of offerings to include sustainability services
2021	Incorporation of our subsidiary, Earthood UK Limited in UK
2021	Expansion of offerings to include advisory services to Farmers' Producers Organisation (FPOs)
2023	Incorporation of our subsidiary, Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Şirketi in Turkey
2024	Incorporation of our subsidiary, Earthood Rus LLC in Russia
2024	Incorporation of our subsidiary, Earthood Green Environmental Consultants and Studies LLC in UAE
2024	Achieved carbon neutrality for our Scopes 1, 2 and 3 emissions



## Key awards, accreditations & recognitions

As on the date of this Draft Red Herring Prospectus, Our Company has received the following awards, accreditations and recognition:

Calendar Year	Awards, accreditations and recognitions
2014	Accredited with UNFCCC
2023	Accredited with GAB
2023	Recognized as “Best Verification Company” by Environmental Finance in Voluntary Carbon Market Rankings 2023
2024	Accredited with ANAB
2024	Recognized as “Best Verification Company” by Environmental Finance in Voluntary Carbon Market Rankings 2024

## Significant financial and strategic partners

Our Company does not have any significant financial and / or strategic partners as on the date of this Draft Red Herring Prospectus

## Time and cost overruns

There have been no time and cost over-runs in respect of our business operations as on the date of this Draft Red Herring Prospectus.

## Defaults or rescheduling/restructuring of borrowing with financial institutions/ banks

There has been no instance of default or rescheduling/restructuring of borrowings with any financial institutions/ banks in respect of our borrowings as on the date of the Draft Red Herring Prospectus.

## Launch of key products or services, entry in new geographies or exit from existing markets

For details of key products or services launched by us, entry in new geographies or exit from existing markets, see “*Our Business*” and “– *Major Events and Milestones of our Company*” on page 183 and 211211, respectively.

## Capacity/facility creation, location of plants

Our Company does not operate any manufacturing facilities or plants.

## Details regarding material acquisitions or divestment of business/ undertakings, mergers, amalgamation, any revaluation of assets etc. in last ten years

Our Company has not made any material acquisitions or divestments of business/undertakings, and have not undertaken any merger, amalgamation or any revaluation of assets during the last ten years preceding the date of this Draft Red Herring Prospectus.

## Our holding company

As on the date of this Draft Red Herring Prospectus, our Company does not have any holding company.

## Our Subsidiaries, joint ventures and associates

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint venture or associates. The details of our Subsidiaries have been provided below.

As on the date of this Draft Red Herring Prospectus, our Company has four subsidiaries.

## 1. Earthood UK Limited (“Earthood UK”)

### *Corporate Information*

Earthood UK was incorporated as a private company on September 15, 2021 under the laws of the United Kingdom. Its registration number is 13622873. The registered office of Earthood UK is situated at 25, Leeming Road, Borehamwood England, WD64EB.

### *Nature of Business*

Earthood UK is engaged in the business of environmental consulting activities.

### *Capital Structure*

The authorized share capital of Earthood UK is GBP 110 divided into 100 ordinary shares of face value of GBP 1 each and 10 B ordinary shares of face value of GBP 1 each. The issued, subscribed and paid-up share capital of Earthood UK is GBP 110 divided into 100 ordinary shares of face value of GBP 1 each and 10 B ordinary shares of face value of GBP 1 each.

### *Shareholding of Earthood UK*

As of the date of this Draft Red Herring Prospectus, the shareholding pattern of Earthood UK is as follows:

S. No.	Name of the Shareholder	No. of ordinary shares of GBP 1 each	No. of B ordinary shares of GBP 1 each	Percentage of issued capital (%)
1.	Earthood Services Limited	100	10	100.00
	<b>Total</b>	<b>100</b>	<b>10</b>	<b>100.00</b>

### *Financial information*

The audited financial statements of Earthood UK for Fiscals 2024, 2023 and 2022 are available on our website at [www.earthood.in/investor](http://www.earthood.in/investor).

## 2. Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Şirketi (“Earthood Turkey”)

### *Corporate Information*

Earthood Turkey was incorporated on March 14, 2023 as a joint-stock company under the laws of Turkey. Its registration number is 514857. Its registered office is situated at Bestepe Mah, 31 Sk No. 2B IC Kapi No. 104, Yenimahalle, Ankara.

### *Nature of Business*

Earthood Turkey is engaged in the business of conducting inspection, testing, greenhouse gas emission measurement and control, evaluation and compliance studies at home and abroad regarding the conformity of national and international standard, guides and practices.

### Capital Structure

The authorized share capital of Earthood Turkey is TRY 150,000 divided into 150,000 shares with a unit value of TRY 1 each. The issued and subscribed capital of Earthood Turkey is TRY 150,000 divided into 150,000 shares with a unit value of TRY 1 each.

The paid-up share capital of Earthood Turkey is TRY 37,500 divided into 37,500 shares with a face value of TRY 1 each.

### Shareholding of Earthood Turkey

As of the date of this Draft Red Herring Prospectus, the shareholding pattern of Earthood Turkey is as follows:

S. No.	Name of the Shareholder	No. of ordinary shares of TRY 1 each	Percentage of issued capital (%)
1.	Earthood Services Limited	37,500	100%
	<b>Total</b>	<b>37,500</b>	<b>100%</b>

### 3. Earthood Rus LLC (“Earthood Russia”)

#### Corporate Information

Earthood Russia was incorporated on May 24, 2024, as a limited liability company under the laws of Russia. Its registration number is 1247700387186. Its registered office is situated at Russian Federation Moscow, 60-Letiya Oktyabrya Ave, 10A, 6 Floor, premise VIII, room 3m.

#### Nature of Business

Earthood Russia is engaged in the business of consultancy on commercial and management issues.

### Capital Structure

The authorized share capital of Earthood Russia is RUB 10,000 divided into 10,000 shares with a face value of RUB 1 each. The issued and subscribed capital of Earthood Russia is RUB 10,000 divided into 10,000 shares with a face value of RUB 1 each.

The paid-up share capital Earthood Russia is RUB 4900 divided into 4,900 shares with a face value of RUB 1 each.

### Shareholding of Earthood Russia

As of the date of this Draft Red Herring Prospectus, the shareholding pattern of Earthood Russia is as follows:

S. No.	Name of the Shareholder	No. of shares of RUB 1 each	Percentage of issued Capital (%)
1.	Earthood Services Limited	5,100	51.00
2.	Deryushkin Denis Olegovich	3,000	30.00
3.	Kozlova Darya Vladimirovna	1,900	19.00
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### 4. Earthood Green Environmental Consultants and Studies LLC (“Earthood UAE”)

#### Corporate Information

Earthood Green Environmental Consultants & Studies L.L.C was incorporated on July 8, 2024 as Limited Liability Corporation – Single Owner (LLC-SO) with Government of Dubai. Its license number is 1350890. Its registered office is situated at Office No. 1-01B-117, Plot no. 14-0, Madina Mall, Muhaisanah Fourth, Dubai, UAE.

#### *Nature of Business*

Earthood UAE is engaged in the business of consultancy on commercial and management issues.

#### *Capital Structure*

The authorized share capital of Earthood UAE is 100,000 divided into 100 shares of face value of AED 1000 each.

The issued, subscribed and paid-up share capital of Earthood UAE is NIL.

#### *Shareholding of Earthood UAE*

As of the date of this Draft Red Herring Prospectus, the shareholding pattern of Earthood UAE is as follows:

<b>S. No.</b>	<b>Name of the Shareholder</b>	<b>No of Shares of 1000 AED each</b>	<b>Percentage of issued capital (%)</b>
1.	Earthood Services Limited	100	-*
	<b>Total</b>	100	-*

*\* Our Company has agreed to subscribe to 100 ordinary shares of 1000 AED each, however, as on date, no shares have been subscribed to by us.*

#### **Amount of accumulated profits or losses**

There are no accumulated profits or losses of our Subsidiaries, which are not accounted for by our Company in our Restated Consolidated Financial Statements.

#### **Shareholders' agreement and other agreements**

Our Company has not entered into any shareholders' agreements and other agreements, other than the agreements entered into by it in ordinary course of its business as on the date of this Draft Red Herring Prospectus.

There are no inter-se agreements/ arrangements to which the Company or any of its Promoters or shareholders are a party to and therefore, clauses/ covenants which are material and which need to be disclosed and that there are no other clauses / covenants in the inter-se agreements or arrangements or the Articles of Association which are adverse/ pre-judicial to the interest of the minority/ public shareholders.

No Directors, KMPs or SMPs of our Company are appointed pursuant any inter-se agreement/agreement to which our Company or any of its Promoters or Shareholders are a party to.

There are no special rights available to the Promoters and / or other Shareholders vis-à-vis the Company.

#### **Guarantees provided to third parties by our Promoters offering their Equity Shares in the Offer for Sale**

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, no guarantee has been issued by our Promoter Selling Shareholders offering their Equity Shares in the Offer for Sale to third parties.

Name of Promoter Selling Shareholder	Date of sanction of loan	Guarantee issued in favor of	Borrower	Nature of facility	Guarantee Amount (₹ in Lakhs)	Tenure
Dr. Kaviraj Singh	September 30, 2021	Canara Bank Limited	Kisaanputr Cold Storage Agritech Private Limited	Term Loan	300.00	96 months
				Overdraft facility	40.00	12 months – Renewed annually

The guarantees set out above have been issued as security in connection with the facilities availed by our Promoter Group Entity, Kisaanputr Cold Storage Agritech Private Limited. Pursuant to the terms of the guarantees, the obligations of our Promoter Selling Shareholder include repayment of the guaranteed sum in case of default by the borrower. The financial implications in case of default by the borrower are that the lender would be entitled to invoke the guarantees to the extent of the outstanding loan amount, together with any interests, costs or charges due to the lender. The guarantees are effective for a period until the underlying loan is repaid in full by the respective borrower. Any default or failure by the borrower entity to repay the loans in a timely manner, or at all, could trigger repayment obligations on the part of our Promoter Selling Shareholder.

#### **Agreements with Key Managerial Personnel or Senior Management or Directors or Promoter or any other employee**

As on the date of the Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Senior Management or Directors or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

#### **Common Pursuits**

All our Subsidiaries are engaged in the same line of business as that of our Company. Our Company shall adopt necessary procedures and practices as permitted by law to address any situations that may lead to conflict, as and when they arise. For further details, see Risk Factor no. 30 – *“Our Subsidiaries and Group Company have common pursuits as they are engaged or authorized to engage in similar business or industry segments. Should we face any conflicts of interest with them in the future, our business, financial condition, results of operations and prospects may be adversely impacted.”* beginning on page 55.

#### **Other material agreements**

There are no subsisting material agreements / arrangements entered into by our Company or clauses / covenants applicable to our Company which are material, and which are required to be disclosed, or the non-disclosure of which may have a bearing on the investment decision of prospective investors in the Offer.

#### **Other confirmations**

Our Subsidiaries are not listed on any stock exchange in India or abroad. Further, neither have any of the securities of our Subsidiaries have been refused listing during the last 10 years by any stock exchange in India or abroad, nor have our Subsidiaries failed to meet the listing requirements of any stock exchange in India or abroad.

There are no conflicts of interest between the third party service providers of our Company (crucial for operations of the Company) and the Promoters, Promoter Group, Key Managerial Personnel, Directors, Subsidiaries, Group Company and the directors of Subsidiaries and Group Company.

There are no conflicts of interest between our lessor(s) of immovable properties of our Company (crucial for operations of the Company) and the Promoters, Promoter Group, Key Managerial Personnel, Directors, Subsidiaries, Group Company and the directors of Subsidiaries and Group Company.

## OUR MANAGEMENT

In terms of the Companies Act and our Articles of Association, our Company is required to have not less than three Directors and not more than fifteen Directors. As on the date of this Draft Red Herring Prospectus, our Board has six directors comprising two Executive Directors, one Non-Executive Director and three Independent Directors (including a woman director). The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act and the SEBI Listing Regulations

### Board of Directors

Details regarding our Board as on the date of filing of this Draft Red Herring Prospectus are set forth below:

S. No	Name, designation, address, occupation, period of Directorship, Term, Date of birth, DIN and Age	Other Directorships
1	<p><b>Dr. Kaviraj Singh</b></p> <p><b>Designation:</b> Executive Director and Chief Executive Officer</p> <p><b>Address:</b> Flat no – 23, First Floor, M2K White House, Sector 57, Gurgaon - 122001, Haryana, India</p> <p><b>Occupation:</b> Professional</p> <p><b>Period of Directorship:</b> Since September 14, 2012</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Date of Birth:</b> July 12, 1979</p> <p><b>DIN:</b> 03348070</p> <p><b>Age:</b> 45 years</p>	<p><b>Indian Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Kisaanputr Cold Storage Agritech Private Limited</li> <li>▪ Belliya Services Private Limited</li> <li>▪ Stratus Climate Management Services Private Limited*</li> <li>▪ Internacional Carbon Auditor Forum</li> </ul> <p><b>Foreign Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Earthood UK Limited</li> <li>▪ Earthood Green Environmental Consultants &amp; Studies L.L.C</li> <li>▪ Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Şirketi</li> </ul>
2	<p><b>Ashok Kumar Gautam</b></p> <p><b>Designation:</b> Chairperson<sup>#</sup> and Executive Director</p> <p><b>Address:</b> 105 First floor, Royal Palm Apartments Plot No. GH – 06, Sector 56, Gurgaon – 122011, Haryana, India</p> <p><b>Occupation:</b> Professional</p> <p><b>Period of Directorship:</b> Since January 04, 2014</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Date of Birth:</b> June 18, 1977</p> <p><b>DIN:</b> 06715620</p> <p><b>Age:</b> 47 years</p>	<p><b>Indian Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><b>Foreign Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
3	<p><b>Nishant Idnani</b></p>	<p><b>Indian Companies:</b></p>

S. No	Name, designation, address, occupation, period of Directorship, Term, Date of birth, DIN and Age	Other Directorships
	<p><b>Designation:</b> Non-Executive Director</p> <p><b>Address:</b> C-33, Panchsheel Enclave, Delhi - 110017, Delhi</p> <p><b>Occupation:</b> Business</p> <p><b>Period of Directorship:</b> Director since June 21, 2024</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Date of Birth:</b> December 08, 1984</p> <p><b>DIN:</b> 09133845</p> <p><b>Age:</b> 41 years</p>	<ul style="list-style-type: none"> <li>▪ Vaultustech India Private Limited</li> </ul> <p><b>Foreign Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
4	<p><b>Anshuman Mishra</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> Flat No. 402, Tower 35, Lotus Espacia, Sector 100, Noida, India</p> <p><b>Occupation:</b> Professional</p> <p><b>Period of Directorship:</b> Since July 09, 2024</p> <p><b>Term:</b> 5 years from July 09, 2024</p> <p><b>Date of Birth:</b> February 05, 1978</p> <p><b>DIN:</b> 06540906</p> <p><b>Age:</b> 46 years</p>	<p><b>Indian Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Aadventure Infotech Private Limited</li> </ul> <p><b>Foreign Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
5	<p><b>Amar Wadhwa</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> D-901, 9th Floor, Central Park-1, Golf Course Road, Sector-42, Sikanderpur Ghosi (68), PO-DLF QE, Gurgaon-122002, Haryana</p> <p><b>Occupation:</b> Professional</p> <p><b>Period of Directorship:</b> since July 09, 2024</p> <p><b>Term:</b> 5 years from July 09, 2024</p> <p><b>Date of Birth:</b> March 11, 1971</p> <p><b>DIN:</b> 02834683</p> <p><b>Age:</b> 53 years</p>	<p><b>Indian Companies:</b></p> <ul style="list-style-type: none"> <li>▪ Redroomtechnology Private Limited</li> <li>▪ Crystal Eyes Marketing Services Private Limited</li> </ul> <p><b>Foreign Companies:</b></p> <ul style="list-style-type: none"> <li>▪ NIL</li> </ul>

S. No	Name, designation, address, occupation, period of Directorship, Term, Date of birth, DIN and Age	Other Directorships
6	<p><b>Sunita Thawani</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> 2003, Tower 30, Lotus Panache, Near Yatharth Hospital, Sector-110, Gautam Buddha Nagar, Noida-201301</p> <p><b>Occupation:</b> Professional</p> <p><b>Period of Directorship:</b> Since July 09, 2024</p> <p><b>Term:</b> 5 years from July 09, 2024</p> <p><b>Date of Birth:</b> March 20, 1954</p> <p><b>DIN:</b> 10674161</p> <p><b>Age:</b> 70 years</p>	<p><b>Indian Companies:</b></p> <ul style="list-style-type: none"> <li>▪ NIL</li> </ul> <p><b>Foreign Companies:</b></p> <ul style="list-style-type: none"> <li>▪ NIL</li> </ul>

\* Under the process of striking off

# Also, appointed as the Chairperson of our Company with effect from December 17, 2024

#### Brief profiles of Directors:

**Dr. Kaviraj Singh** is the Executive Director and Chief Executive Officer of our Company. He has been on the Board of our Company since its incorporation on September 14, 2012. He holds a Ph.D (Doctorate of Philosophy) in Bioconversion of Municipal Solid Waste(MSW) Employing Bioinoculants and Earthworms from Indian Institute of Technology Delhi, Master's degree in Philosophy in Energy and Environment from Devi Ahilya Vishwavidyalaya, Indore and has completed Master's in science from Charan Singh University, Meerut. He has experience in auditing and consulting in the field of Energy, Environment and Climate Change. He is currently serving as the President of International Association of Validation & Verification Bodies (IAVVB), member of Expert Advisory Group of Voluntary Carbon Market Integrity Initiative (VCMI) and a member of the VCS Program Advisory Group. He has also published research publication in peer reviewed journal in the field of waste management.

**Ashok Kumar Gautam** is the Chairperson and Executive Director of our Company. He has been associated with our Company since its incorporation on September 14, 2012, as one of the promoters of our Company. Subsequently he was appointed as Chairperson of the company with effect from December 17, 2024. He holds a master's degree in technology in Energy and Environment Management from Indian Institute of Technology of Delhi and master's degree in science in Environment Science. He has experience in auditing and consulting in the field of Energy, Environment and Climate Change.

**Nishant Idnani** is the Non-Executive Director of our Company. He holds a Post Graduate diploma in Management from Indian Institute of Management Society, Lucknow. He has over 16 years of experience and has worked in the field of financial advisory. He is currently associated with Vaultustech India Private Limited as its director.

**Anshuman Mishra** is the Independent Director of our Company. He holds a master's degree in business administration in International Business from Indian Institute of Foreign Trade. He has over 23 years of experience in financial advisory, accounting and business consulting. He is currently associated with Aadventure Infotech Private Limited as a founder and director.



**Amar Wadhwa** is the Independent Director of our Company. He holds a bachelor's degree in commerce from Shri Ram College of Commerce, Delhi and post graduate diploma in business management from Institute of Management Technology, Ghaziabad. He has about 15 years of experience in branding & marketing consulting. He is currently associated with Crystal Eyes Marketing Services Private Limited as its founder and director.

**Sunita Thawani** is the Independent Director of our Company. She holds a bachelor's degree in law from University of Allahabad. She has about 15 years of experience in the legal field. She is the founder of Full Circle which has been empanelled by Ministry of Women & Child Development, Government of India to provide training on the law of sexual harassment at workplace.

### **Relationships between our Directors and Key Managerial Personnel and Senior Management**

None of our Directors, Key Managerial Personnel and Senior Management are related to each other.

### **Confirmations**

None of our Directors are and have not been, during the five years preceding the date of this Draft Red Herring Prospectus, a director on the board of any listed company whose shares have been or were suspended from being traded on the BSE or NSE during their term of directorship in such company.

None of our Directors were or are directors on the board of listed companies which have been or were delisted from any stock exchange(s) during their term of directorship in such company.

No consideration, either in cash or shares or in any other form has been paid or agreed to be paid to any of our directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce them to become or to help them qualify as a director, or otherwise for services rendered by them or by the firm, trust or company in which he is interested, in connection with the promotion or formation of our Company.

### **Arrangements or understanding with major Shareholders, customers, suppliers, or others pursuant to which our Directors were selected as a Director or Senior Management Personnel**

None of our Directors have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others.

### **Service contracts with directors**

Our Company has not entered into any service contracts with any Director, which provide for benefits upon termination of employment.

### **Terms of Appointment of our Executive Directors**

#### *Dr. Kaviraj Singh*

Dr. Kaviraj Singh is an Executive Director of our Company. He has been associated with our Company since September 14, 2012 and has also been appointed as the Chief Executive Officer of our Company pursuant to a board resolution dated October 15, 2024.

Further pursuant to the resolution passed by the Board on December 2, 2024 and the resolution passed by the Shareholders on December 2, 2024, he is entitled the following remuneration w.e.f. December 2, 2024:

<b>Particulars</b>	<b>Description</b>
Gross Salary	₹ 8.5 Lakhs per month (includes basic salary, HRA conveyance allowance and special allowance)

Income from Subsidiary(ies)	Dr. Kaviraj Singh is entitled to receive remuneration from Earthood UK Limited as per the prevailing laws of United Kingdom
Other terms	(i) Contribution towards provident fund, as per applicable laws (ii) Reimbursement of all actual expenses or charges incurred by him for and on behalf of the Company in furtherance of its business or objective

#### *Ashok Kumar Gautam*

Ashok Kumar Gautam is an Executive Director of our Company. He has been associated with the Company since January 4, 2014 and has also been appointed as the Chairperson of our Company pursuant to a board resolution dated December 17, 2024.

Further pursuant to the resolution passed by the Board on December 2, 2024 and the resolution passed by the Shareholders on December 2, 2024, he is entitled the following remuneration w.e.f. December 2, 2024:

Particulars	Description
Gross Salary	₹ 9.5 Lakhs per month (includes basic salary, HRA conveyance allowance and special allowance)
Income from Subsidiary(ies)	Ashok Kumar Gautam is not entitled to receive remuneration from subsidiary companies
Other terms	(i) Contribution towards provident fund, as per applicable laws (ii) Reimbursement of all actual expenses or charges incurred by him for and on behalf of the Company in furtherance of its business or objective

Our Company has paid the following remuneration to our Executive Directors in Fiscal 2024:

S. No.	Name of Executive Director	Annual Remuneration (in ₹ Lakhs)
1	Dr. Kaviraj Singh	71.13
2	Ashok Kumar Gautam	137.28

#### **Sitting Fees and Commission to Non-Executive Directors and Independent Directors**

Pursuant to the resolution dated July 09, 2024 passed by our Board, the Non-Executive Directors and Independent Directors are entitled to receive a sitting fee of ₹ 15,000 for attending each meeting of our Board, audit committee and nomination and remuneration committee of our Board. No remuneration was paid to our Non - Executive Directors and Independent Directors in Fiscal 2024.

There is no contingent or deferred compensation payable to any of our Directors which accrued in Fiscal 2024.

#### **Remuneration paid to our Directors by our Subsidiaries**

Except as disclosed below, none of the Directors of our Company has been paid any remuneration by our Subsidiaries in Fiscal 2024:

S. No	Director	Name of the Subsidiary	Total Remuneration (₹ in Lakhs)
1	Dr. Kaviraj Singh	Earthood UK Limited	66.97

#### **Contingent or deferred compensation paid to Directors by our Company**

No contingent or deferred compensation has accrued for Fiscal 2024 which is payable to any of our Directors.

### **Bonus or profit-sharing plan for the Directors**

Our Company does not have any bonus or profit-sharing plan for our Directors.

### **Payment or benefits to directors of our Company (non-salary related)**

Except as stated under “*Terms of Appointment of our Executive Directors*”, “*Sitting Fees and Commission to Non-Executive Directors and Independent Directors*”, “*Remuneration paid to our Directors by our Subsidiaries*”, “*Bonus or profit-sharing plan for the Directors*”, “*Bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management*” and “*Restated Consolidated Financial Statements - Note 42 – Related Party Transactions*”, no amount or benefit has been paid or given in the last two (2) years preceding the date of this Draft Red Herring Prospectus to any directors of our Company.

For further details, please refer to “*Financial Information- Note 42 – Related Party Transactions*” on page 297 of this Draft Red Herring Prospectus.

### **Shareholding of the Directors**

As per our Articles of Association, our Directors are not required to hold any qualification shares.

As on the date of this Draft Red Herring Prospectus, none of our Directors hold any Equity Shares, except as disclosed below:

<b>Particulars</b>	<b>Pre-Offer</b>	
	<b>Number of Equity Shares</b>	<b>Percentage (%) holding</b>
Dr. Kaviraj Singh	1,84,95,637	77.55%
Ashok Kumar Gautam	40,54,500	17.00%
<b>Total</b>	<b>2,25,50,137</b>	<b>94.55%</b>

### **Interest of our directors**

All our Non – Executive Directors including the Independent Directors may be deemed to be interested to the extent of sitting fees and commission payable, if any, to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. Our Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them and their relatives on our Board or in the ordinary course of their employment with us, if any.

Our Directors may be deemed as interested in our Company to the extent of the Equity Shares held by them or any Equity Shares that may be subscribed by or allotted to them from time to time. The Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. For further details, please refer to chapter titled “*Our Management – Shareholding of the Directors*” on pages 222 of this Draft Red Herring Prospectus. Our Directors may also be deemed to be interested to the extent of any dividend, if any, payable and other distributions in respect of the Equity Shares held by them.

Some of our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any entity which is promoted by them or in which they are members or in which they hold directorships or any partnership firm in which they are partners in the ordinary course of business. For further details, please see “*Financial Information- Note 42 – Related Party Transactions*” on page 297.

Except for Ashok Kumar Gautam and Dr. Kaviraj Singh who may be deemed to be interested in the promotion or formation of our Company, none of our Directors have any interest in promotion or formation of our Company. For further details, please refer to chapter titled “*Our Promoter and Promoter Group - Interests of our Promoters and Common Pursuits*” on page 233 of this Draft Red Herring Prospectus.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of our Company.

None of our Directors are interested in any property acquired by our Company or proposed to be acquired by our Company or acquisition of land and construction of building.

No loans have been availed by our Directors from our Company or the Subsidiaries.

### **Changes in the Board in the last three years**

The changes on our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

<b>Name of Director</b>	<b>Date of Change</b>	<b>Reason for Change</b>
Nishant Idnani	September 30, 2024	Regularization as a Non-Executive Director
Anshuman Mishra	July 9, 2024	Appointment as an Independent Director
Amar Wadhwa	July 9, 2024	Appointment as an Independent Director
Sunita Thawani	July 9, 2024	Appointment as an Independent Director
Nishant Idnani	June 21, 2024	Appointment as an additional Non-Executive Director

### **Appointment of relatives of our directors to any office or place of profit**

Other than as disclosed in this Draft Red Herring Prospectus, none of the relatives of our Directors currently hold any office or place of profit in our Company.

### **Borrowing Powers of our Board of Directors**

Pursuant to our Articles of Association, resolution passed by our Board at their meeting held on September 2, 2024 and resolution passed by our Shareholders at their meeting held on September 30, 2024, our Board is authorized to borrow, enhance and grant facility for the general, working capital and such other corporate purposes, from time to time as deemed by it to be requisite and proper, such that the monies to be borrowed together with the monies already borrowed by our Company do not exceed ₹10,000.00 Lakhs (Rupees One hundred crores only) in excess of the aggregate of the paid share capital and free reserves of our Company as per its latest annual audited financial statements, apart from temporary loans obtained from the bankers of our Company in the ordinary course of business.

Further, pursuant to the resolution passed by our Board at their meeting held on September 2, 2024 and resolution passed by our Shareholders at their meeting held on September 30, 2024, the Board has been authorized to mortgage/ charge/ hypothecate all or any of the immovable or moveable properties of the Company including under hire purchase scheme both present and future and/ or whole or substantially the whole of the undertaking or undertakings of the Company on such terms and conditions as the Board may deem fit, for securing any loans and/or advances already obtained or that may be obtained from bank(s), financial institution(s), others, entities or any combination thereof from time to time and at any time and in one or more tranches. However, the total underlying charge created/to be created shall not exceed 10,000.00 Lakhs (Rupees One hundred crores only) at any time.

### **Corporate Governance**

In addition to the Companies Act, 2013, the provisions of the SEBI Listing Regulations with respect to corporate governance, will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the corporate governance requirements prescribed under SEBI Listing Regulations and the Companies Act, particularly, in relation to composition of our Board of Directors and constitution of board level committees.

As on the date of this Draft Red Herring Prospectus, our Company currently has 6 (six) Directors on its Board. In compliance with the requirements of the Companies Act and Regulation 17 of the SEBI Listing Regulations, we have two Executive Directors, one Non-Executive Director and three Independent Directors out of which one is a woman Independent Director.

### **Committees of the Board:**

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

- (i) Audit Committee.
- (ii) Nomination and Remuneration Committee.
- (iii) Stakeholders' Relationship Committee
- (iv) Corporate Social Responsibility Committee

### **Audit Committee**

The Audit Committee was constituted by our Board at its meeting held on October 15, 2024. The Audit Committee is in compliance with Section 177 and other applicable provisions of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently comprises:

<b>Name</b>	<b>Position in the Committee</b>	<b>Designation</b>
Amar Wadhwa	Chairperson	Independent Director
Anushman Mishra	Member	Independent Director
Nishant Idnani	Member	Non-Executive Director

#### *Scope and terms of reference:*

The Audit Committee shall be responsible for, among other things, as may be required by the Stock Exchange(s) from time to time, the following:

#### **Powers of Audit Committee:**

1. *to investigate any activity within its terms of reference.*
2. *to seek information from any employee of our Company.*
3. *to obtain outside legal or other professional advice; and*
4. *to secure attendance of outsiders with relevant expertise, if it considers necessary; and*
5. *to approve the disclosure of the Key Performance Indicators to be disclosed in the documents in relation to the initial public offering of the equity shares of the Company.*

#### **Role of Audit Committee:**

The role of the Audit Committee shall include the following:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. recommendation to the Board for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and fixation of the audit fee;
3. approve payment to statutory auditors for any other services rendered by the statutory auditors;
4. review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause I of sub-section (3) of Section 134 of the Companies Act;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report;
5. review, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;
6. review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the board to take up steps in this matter;
7. review and monitor the auditor's independence and performance and effectiveness of audit process;
8. formulating a policy on related party transactions, which shall include materiality of related party transactions and the definition of material modifications of related party transactions;
9. subject to and conditional upon approval of our Board, approval of related party transactions or subsequent modifications thereto and omnibus approval for related party transactions proposed to be entered into by our Company, subject to conditions as may be prescribed;  
 Provided that only those members of the committee, who are Independent Directors, shall approve related party transactions;  
***Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.*
10. subject to review by our Board, review on quarterly basis, of related party transactions entered into by our Company pursuant to each omnibus approval given pursuant to 8 above;  
 Provided that only those members of the committee, who are Independent Directors, shall approve related party transactions;  
***Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI LODR Regulations and/or the applicable Accounting Standards and/or the Companies Act.*
11. approval of related party transactions to which the subsidiary(ies) of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a Fiscal exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, subject to such other conditions prescribed under the SEBI Listing Regulations;
12. scrutinize inter-corporate loans and investments;
13. valuation of undertakings or assets of the Company, wherever it is necessary;
14. evaluation of internal financial controls and risk management systems;
15. review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
16. review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
17. discussion with internal auditors of any significant findings and follow up there on;
18. review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

19. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
20. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. to review the functioning of the whistle blower mechanism;
22. monitoring the end use of funds through public offers and related matters;
23. oversee the vigil mechanism established by our Company, with the chairman of Audit Committee directly hear grievances of victimization of employees and directors, who use vigil mechanism to report genuine concerns in appropriate and exceptional cases;
24. approve the appointment of chief financial officer (i.e the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
25. review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
26. consider and comment on rationale, cost-benefit and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
27. carrying out any other function as is mentioned in the terms of reference of the audit committee and any other terms of references as may be decided by the board of directors of our company or specified/provided under the Companies Act or by the SEBI LODR Regulations or by any other regulatory authority.
28. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
29. oversee the procedures and processes established to attend to issues relating to the maintenance of books of accounts, administrations procedures, transactions and other matters having a bearing on the financial position of our company, whether raised by the auditors or by any other person;
30. Act as a compliance committee to discuss the level of compliance in our Company and any associated risks and to monitor and report to the Board on any significant compliance breaches;

The Audit Committee shall mandatorily review the following information:

- a. management discussion and analysis of financial condition and results of operations;
- b. management letters / letters of internal control weaknesses issued by the statutory auditors;
- c. internal audit reports relating to internal control weaknesses; and
- d. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- e. statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7)

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted by our Board at its meeting held on October 15, 2024. The Nomination and Remuneration Committee is in compliance with Section 178 and other applicable provisions of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently comprises:

<b>Name</b>	<b>Position in the Committee</b>	<b>Designation</b>
Sunita Thawani	Chairperson	Independent Director
Amar Wadhwa	Member	Independent Director
Nishant Idnani	Member	Non-Executive Director

## Scope and terms of reference:

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees
2. for appointment of an independent directors, evaluation of the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, preparation of a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
3. formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. devising a policy on diversity of board of directors
5. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
6. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. recommend to the board, all remuneration, in whatever form, payable to senior management.
8. the Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that –
  - a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of our Company and its goals.
9. perform such functions as required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, including the following:
  - a. administering the employee stock option plans of our Company, as may be required;
  - b. determining the eligibility of employees to participate under the employee stock option plans of our Company;
  - c. granting options to eligible employees and determining the date of grant;
  - d. determining the number of options to be granted to an employee;
  - e. making allotment pursuant to the employee stock option plans;
  - f. determining the exercise price under the employee stock option plans of our Company; and
  - g. construing and interpreting the employee stock option plans of our Company and any agreements defining the rights and obligations of our Company and eligible employees under the employee stock option plans of our Company and prescribing, amending and/or rescinding rules and regulations relating to the administration of the employee stock option plans of our Company.
10. frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
  - a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, our Company and its employees, as applicable.



11. performing such other activities as may be delegated by the Board or specified or provided under the Companies Act or the SEBI LODR Regulations and the rules and regulations made thereunder or other applicable law, including any amendments thereto as may be made from time to time.

### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board at its meeting held on October 15, 2024. The Stakeholders' Relationship Committee is in compliance with Section 178 and other applicable provisions of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises:

Name	Position in the Committee	Designation
Amar Wadhwa	Chairperson	Independent Director
Sunita Thawani	Member	Independent Director
Dr. Kaviraj Singh	Member	Executive Director

The Stakeholders' Relationship Committee shall oversee all the matters pertaining to investors of our Company. The scope and function of the Stakeholders' Relationship Committee and its terms of reference shall include the following:

- a) consider and look into various aspects of interest of shareholders, debenture holders and other security holders;
- b) consider and resolve the grievances of security holders of the Company including compliance related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividend, issue of new/duplicate certificates, general meetings etc;
- c) formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- d) giving effect to allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities;
- e) issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
- f) monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer / transmission of shares and debentures;
- g) reference to statutory and regulatory authorities regarding investor grievances;
- h) reviewing the measures taken for effective exercise of voting rights by the shareholders,
- i) reviewing adherence to the service standards adopted by the Company with respect to all the services rendered by the Registrar and Share Transfer Agent;
- j) to dematerialize or rematerialize the issued shares;
- k) reviewing the measures and initiatives taken by the Company to reduce the quantum of unclaimed dividends;
- l) Ensuring timely receipt of dividend warrants/ Annual Reports/ Statutory Notices by the Shareholders of the Company; and
- m) carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was last re-constituted by our Board at its meeting held on October 15, 2024. The Corporate Social Responsibility Committee is in compliance with Section 135 and other applicable provisions of the Companies Act. Corporate Social Responsibility Committee currently comprises:

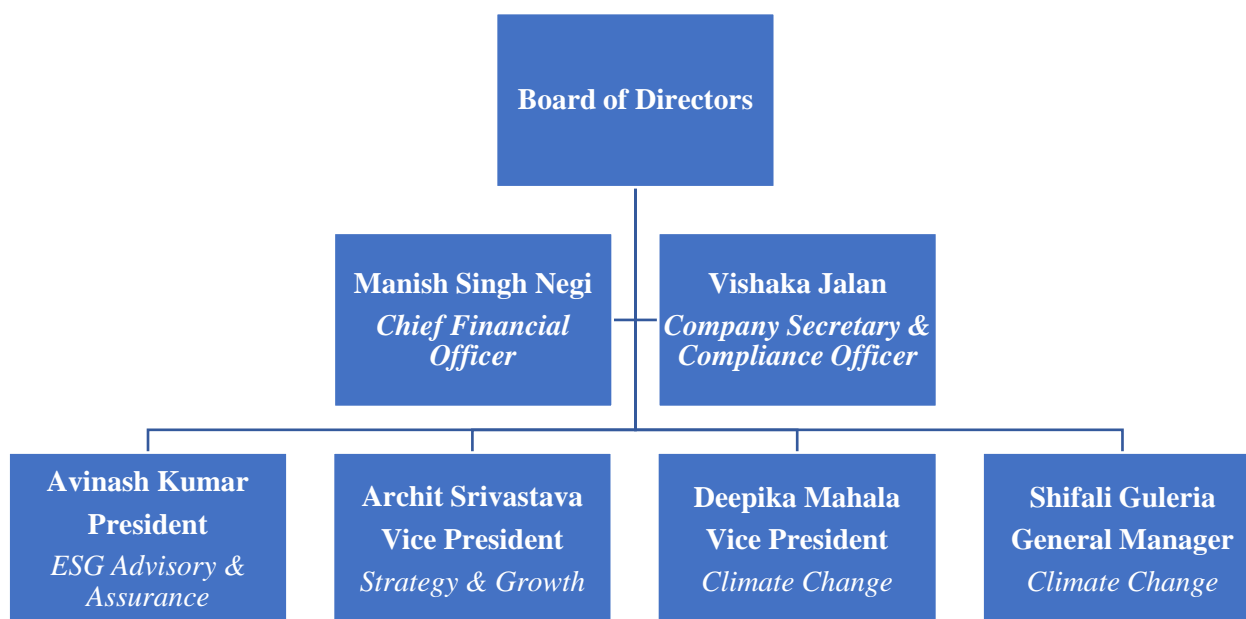
Name	Position in the Committee	Designation
Ashok Kumar Gautam	Chairperson	Executive Director
Sunita Thawani	Member	Independent Director

Dr. Kaviraj Singh	Member	Executive Director
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The terms of reference, powers and scope of the Corporate Social Responsibility Committee of our Company is in accordance with Section 135 of the Companies Act

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy;
2. To recommend activities and the amount of expenditure to be incurred;
3. To monitor the CSR policy from time to time.

### Management Organization Structure



### Key Managerial Personnel and Senior Management

#### Key Managerial Personnel

In addition to Dr. Kaviraj Singh, who is the Chief Executive Officer of our Company whose details are provided in “Our Management – Brief Profiles of our Directors” on page 219, the details of Key Managerial Personnel in terms of the SEBI ICDR Regulations as of the date of this Draft Red Herring Prospectus are set forth below:

**Manish Singh Negi** is the Chief Financial Officer of our Company. He holds a master’s degree in commerce and Post Graduate Diploma in International Business Operations from Indira Gandhi National Open University, New Delhi. He has been associated with our Company since January 2016 and appointed as our Chief Financial Officer on June 21, 2024. He is responsible for heading our accounts and finance related functions. In Fiscal 2024, he received an aggregate remuneration of ₹ 17.18 Lakhs. In Fiscal 2025, he is entitled to receive a remuneration of ₹ 21.71 Lakhs from our Company, in accordance with terms of his appointment.

**Vishaka Jalan** is the Company Secretary and Compliance Officer of our Company. She holds a bachelor’s degree in commerce from Guwahati University. She is also a Fellow member of the Institute of Company Secretaries of India. Prior to joining our Company, she was working at the Ministry of Corporate Affairs as Young Professional. She is responsible for handling all company secretarial and compliance related work of the Company. During the Fiscal 2024, she was not paid any remuneration by our Company as she was appointed as our Company Secretary and Compliance Officer in Fiscal 2025. In Fiscal 2025, she is entitled to receive a remuneration of ₹ 9.02 Lakhs from our Company, in accordance with terms of her appointment.

## **Senior Management Personnel**

The details of the members of our Senior Management are as follows:

**Avinash Kumar** is the President - ESG Assurance & Advisory division of our Company. He holds a bachelor's degree in science and master's degree in environment science from Charan Singh University, Meerut, Uttar Pradesh. He has also completed Post Graduate Diploma in Business Administration from Symbiosis Centre for Distance Learning, Pune, Maharashtra. He has been associated with our Company since 2021 prior to which, he has worked with SGS India Private Limited as Business Development Manager. He is responsible for managing ESG Assurance & Advisory services in India and at Global level. In Fiscal 2024, he received an aggregate remuneration of ₹ 36.79 Lakhs from our Company. In Fiscal 2025, he is entitled to receive a remuneration of ₹ 71.17 Lakhs from our Company, in accordance with terms of his appointment.

**Archit Srivastava** is the Vice President - Strategy & Growth of our Company. He holds a bachelor's degree in business administration in Petro Marketing and master's degree in business administration in Oil & Gas management from University of Petroleum & Energy studies, Dehradun, Uttarakhand. He has been associated with our Company since 2017 prior to which, he has worked with SGS India Private Limited as Assistant Manager in Environment, Health and Safety. He is responsible for sales and business development along with Marketing and Customer Relationship Management. In Fiscal 2024, he received an aggregate remuneration of ₹ 38.04 Lakhs from our Company. In Fiscal 2025, he is entitled to receive a remuneration of ₹ 52.50 Lakhs from our Company, in accordance with terms of his appointment.

**Deepika Mahala** is the Vice President – Climate Change division of our Company. She holds a master's degree in Science in environment management from Delhi University. She has been associated with our Company since 2015. She is responsible for managing projects and team working in the Waste and Other Complex Sectors and also works as Technical Manager responsible for maintaining various accreditations held by us. In Fiscal 2024, she received an aggregate remuneration of ₹ 20.11 Lakhs from our Company. In Fiscal 2025, she is entitled to receive a remuneration of ₹ 31.23 Lakhs from our Company, in accordance with terms of her appointment.

**Shifali Guleria** is the General Manager – Climate Change division of our Company. She holds a master's degree in science in environmental studies and resource management from the Energy Research Institute (TERI) University. She has been associated with our Company since 2018. She is responsible for managing projects and team working in the Energy Demand Sector and also works as Quality Manager responsible for maintaining various accreditations held by us. In Fiscal 2024, she received an aggregate remuneration of ₹ 16.91 Lakhs from our Company. In Fiscal 2025, she is entitled to receive a remuneration of ₹ 26.22 Lakhs from our Company, in accordance with terms of her appointment.

## **Status of Key Managerial Personnel and Senior Management**

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

## **Interest of Key Management Personnel and Senior Management**

Except as provided in “– Interest of our Directors” on page 222 and to the extent of the remuneration, benefits, interest of receiving dividends on the Equity Shares held by them, if any, reimbursement of expenses incurred in the ordinary course of business, our Key Managerial Personnel and Senior Management are not interested in any other form of remuneration.

Further, our Key Managerial Personnel or Senior Management may be regarded as interested in the Equity Shares which may be allotted to them (together with dividends in respect of such Equity Shares). Our Key Managerial Personnel or Senior Management may also be deemed to be interested to the extent of options granted to them under the Employee Stock Option Plans. For details, see “*Capital Structure – Employee Stock Option Plans*” on page 96.

Certain of our Key Managerial Personnel and Senior Management may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they are members or any partnership firm in which they are partners in the ordinary course of business. For further details, please see “*Note 42 – “Related Party Transactions”* in the chapter titled “*Restated Consolidated Financial Statements*” on page 297.

### **Bonus or profit-sharing plan for the Key Management Personnel and Senior Management**

There is no bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management of our Company.

### **Shareholding of the Key Management Personnel and Senior Management**

Except as disclosed below, none of our Key Managerial Personnel and Senior Management Personnel hold any Equity Shares in our Company.

Particulars	Pre-Offer	
	Number of Shares	Percentage (%) holding
Dr. Kaviraj Singh	1,84,95,637	77.55%
Archit Srivastava	2,26,575	0.95%
Avinash Kumar	4,77,000	2.00%
Manish Kumar Negi	12	Negligible
Shifali Guleria	12	Negligible
Deepika Mahala	12	Negligible

For details of ESOPs held by our Key Managerial Personnel and Senior Management Personnel, see “*Capital Structure – Employee Stock Options Scheme of our Company*” on page 96

### **Changes in Key Management Personnel and Senior Management during the last three years**

Changes in our Key Management Personnel and Senior Management during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name	Date of Change	Reasons for Change
Vishaka Jalan	October 15, 2024	Appointment as Compliance Officer
Manish Singh Negi	June 21, 2024	Appointment as Chief Financial Officer
Vishaka Jalan	May 24, 2024	Appointment as Company Secretary
Deepika Mahala	January 23, 2024	Change in designation to Vice President - Climate Change
Dr. Kaviraj Singh	October 15, 2024	Appointment as Chief Executive Officer
Archit Srivastava	March 22, 2023	Change in designation to Vice President - Strategy & Growth
Shifali Guleria	January 23, 2023	Change in designation to General Manager – Climate Change
Deepika Mahala	January 13, 2023	Change in designation to General Manager - Climate Change
Archit Srivastava	April 01, 2022	Change in designation to General Manager - Climate Change
Deepika Mahala	April 01, 2022	Change in designation to Technical Manager - Climate Change
Shifali Guleria	April 01, 2022	Change in designation to Portfolio Manager – Climate Change

### **Contingent and deferred compensation payable to Key Managerial Personnel and Senior Management**

There is no contingent or deferred compensation payable to our Key Managerial Personnel and Senior Management for Fiscal 2024

### **Service Contracts with Key Managerial Personnel and Senior Management**

Our Key Managerial Personnel and Senior Management have not entered into any service contracts with our Company.

Further, no officer of our Company is entitled to any benefit upon termination of employment or superannuation, other than statutory benefits.

### **Employee stock option scheme and Employee stock purchase scheme**

For details of the employee stock option scheme of our Company, see “*Capital Structure – Employee Stock Option Plans*” on page 96.

### **Payment or benefit to officers of our Company**

No non-salary amount or benefit has been paid or given to any officer of our Company including Key Managerial Personnel or Senior Management Personnel, within the two years preceding the date of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment or any employee stock options, for services rendered as officers of our Company, dividend that may be payable in their capacity as Shareholders. For details of the related party transactions, see “*Financial Information – Related Party Transactions*” on page 317.

### **Other Confirmations**

There is no conflict of interest between the lessors of our immovable properties of our Company, any third-party service providers of our Company, which are crucial for operations of our Company, and any of our Directors or Key Managerial Personnel.

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

As on the date of this Draft Red Herring Prospectus, the following are the Promoters of our Company:

- 1) Kaviraj Singh; and
- 2) Ashok Kumar Gautam

As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 2,25,50,137 Equity Shares, representing 94.55% of the issued, subscribed and paid-up Equity Share Capital of our Company on a fully diluted basis. For details of the build-up of our Promoters' shareholding in the company, see "*Capital Structure – Details of the pre and post-Offer shareholding of our Promoters and Promoter Group*" on page 94.

### Details of our Individual Promoter(s)

#### Dr. Kaviraj Singh



Dr. Kaviraj Singh, aged 45 years, is the Promoter, Director and Chief Executive Officer of our Company. For a complete profile of Dr. Kaviraj Singh along with details of his educational qualification, personal address, professional experience, posts held in the past, directorship held, business and other financial activities, see "*Our Management*" beginning on page 217 of this Draft Red Herring Prospectus.

His PAN is ASZPP6743J

#### Ashok Kumar Gautam



Ashok Kumar Gautam, aged 47 years, is the Promoter and Executive Director of our Company. For a complete profile of Ashok Kumar Gautam along with details of his educational qualification, personal address, professional experience, posts held in the past, directorship held, business and other financial activities, see "*Our Management*" beginning on page 217 of this Draft Red Herring Prospectus.

His PAN is AJSPG6337K

*Our Company confirms that the details of the PAN, Bank Account Number(s), Aadhar card number, driving license number and passport number of our Promoters shall be submitted to the Stock Exchange(s) at the time of filing the Draft Red Herring Prospectus.*

### Change in the control of our Company

Our Promoters are the original Promoters of our Company. There has not been any change in the control of our Company during the last five years preceding the date of this Draft Red Herring Prospectus.

### Interests of our Promoters and Common Pursuits

#### *Interest in promotion of our Company*

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) of their shareholding in our Company, directly and indirectly and our Subsidiaries, including the dividend payable, if any and any other distributions in respect of the Equity Shares held by them. For details of the shareholding of our Promoters in our Company, please see "*Capital Structure – Details of the pre and post-Offer shareholding of our Promoters and Promoter Group*" on page 94 of this Draft Red Herring Prospectus.

Our Promoters, who are also the Executive Directors of our Company, may be deemed to be interested to the extent of their remuneration and reimbursement of expenses, payable to them, if any in their capacity as Directors. For further information, please refer to chapter titled "Our Management" beginning on page 217 of this Draft Red Herring Prospectus.

No sum has been paid or agreed to be paid to our Promoters or to such firm or company in which our Promoters are interested as members, in cash or shares or otherwise by any person either to induce our Promoters to become, or qualify them as a director or promoter, as applicable or otherwise for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Except as disclosed above and as disclosed in "Our Management" and "Financial Information - Related Party Transactions" on pages 217 and 297, respectively, no amount or benefit has been paid or given by our Company or its Subsidiaries to any of our Promoters, or any of the members of the Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or any of the members of the Promoter Group.

Our Promoters have no interest in any property acquired by our Company during the three years immediately preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Except as stated under "Note 42 – Related Party Transactions" in the chapter titled "Restated Consolidated Financial Statements" on page 297 of this Draft Red Herring Prospectus, there are no conflict of interest between the third-party service providers which are crucial for operations of the Company and Promoters and Promoter Group.

#### **Other ventures of our Promoters**

Other than as disclosed in "- Entities forming part of our Promoter Group" and "Our Management" beginning on pages 235 and 217, our Promoters are not involved in any other venture.

#### **Payment or benefits to the Promoters and Promoter Group**

Except as stated otherwise under "Note 42 – Related Party Transactions" in the chapter titled "Restated Consolidated Financial Statements" on page 297 of this Draft Red Herring Prospectus about the related party transactions entered as per IND AS 24 and in "Interest of our Promoters" disclosed in this Chapter, there has been no other payment or benefit to our Promoters or Promoter Group nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

#### **Material guarantees given by our Promoters to third parties with respect to Equity Shares of our Company**

Our Promoters have not given any material guarantee to any third party with respect to the Equity Shares as on the date of this Draft Red Herring Prospectus.

#### **Companies and firms with which our Promoters have disassociated in the last three years**

Except as stated below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus

<b>Name of the Company</b>	<b>Name of Promoter(s)</b>	<b>Reason for Disassociation</b>	<b>Date of Disassociation</b>
Earthood Services UK Limited	Dr. Kaviraj Singh	Strike off	September 26, 2023

## Promoter Group of our Company

In addition to our Promoters, the individuals and entities that form part of the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations are set out below:

### (a) Natural Persons who are part of the Promoter Group

Promoter	Dr. Kaviraj Singh	Ashok Kumar Gautam
Spouse	Pooja Singh	Archana Singh
Father	Mahandra Singh	Keval Singh
Mother	Dhanvati Singh	Shyama
Brother	Raviraj Singh	Ajeet Singh
Sister	Babita Chaudhary	Asha Singh
Son	Adhayan Singh	-
	Vivaan Singh	
Daughter	-	Anya Gautam
Spouse's Father	Vijendra Chaudhary	-
Spouse's Mother	Krishna Chaudhary	Prema Singh
Spouse's Brother	Abhishek Chaudhary	Narendra Singh
		Santosh Singh
Spouse's Sister	-	Sadhna Singh

### (b) Entities forming part of our Promoter Group

The entities forming part of our Promoter Group are as follows:

1. Belliya Services Private Limited
2. Earthood UK Limited
3. Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Şirketi
4. Earthood Rus LLC
5. Earthood Green Environmental Consultants and Studies LLC
6. Internacional Carbon Auditor Forum
7. Kisaanputr Cold Storage Agritech Private Limited
8. Shiv Graphics
9. Stratus Climate Management Services Private Limited\*

\* Under process of striking off

Other than as disclosed above, our Company has no other companies or entities that form part of our Promoter Group.

## Outstanding Litigation

For details of legal and regulatory proceedings involving our Promoters, please refer chapter titled “Outstanding Litigation and Material Developments” beginning on page 349 of this Draft Red Herring Prospectus.



## GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term ‘*Group Companies*’ includes (i) such companies (other than promoter(s) and subsidiaries) with which there were related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards and (ii) any other companies considered material by the Board of our Company.

Pursuant to the materiality policy adopted by the Board pursuant to its resolution dated December 17, 2024 has determined that a company (other than the company covered under the schedule of related party transactions as per the Restated Consolidated Financial Statements) shall be considered ‘material’ and will be disclosed as ‘Group Company’ in the draft offer document and offer documents, if (i) it is a member of the Promoter Group (Company) (other than the Promoters) in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and (ii) our Company has entered into one or more transactions with such company during the last completed Fiscal (or relevant stub period, if applicable), which individually or cumulatively in value exceeds 10% of the revenue from operations of our Company for the last completed Fiscal as per the Restated Consolidated Financial Statements.

Accordingly, based on the parameters outlined above, as on the date of this Draft Red Herring Prospectus, our Company has the following Group Company:

Sr. No.	Name of the Company	Registered Office
1.	Belliya Services Private Limited	H-23, First Floor M2K White House, Sector-57, Gurgaon - 122011, Haryana, India.

### *Details of our Group Company*

Details of financial information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value of the Group Company, based on its respective audited standalone financial statements, for the preceding three financial years as prescribed under the SEBI ICDR Regulations will be available on their respective websites or the website of our Company as indicated below:

Sr. No.	Name of the Company	Website
1.	Belliya Services Private Limited	<a href="http://www.earthood.in/investor">www.earthood.in/investor</a>

The financial information of the Group Company and other information provided on our website does not constitute a part of this Draft Red Herring Prospectus. It is clarified that such details available in relation to Belliya Services Private Limited on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information would be doing so at their own risk. The link above has been provided solely to comply with the requirements of the SEBI ICDR Regulations.

### *Nature and extent of interests of our Group Company*

#### *In the promotion of our Company*

Our Group Company is not interested in the promotion of our Company as on the date of this Draft Red Herring Prospectus.

#### *In the properties acquired by our Company in the past three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company*

Our Group Company does not have any interest in the properties which has been acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by it as on the date of this Draft Red Herring Prospectus.

### ***In transactions for acquisition of land, construction of building and supply of machinery, etc***

Our Group Company does not have any interest in any transaction for the acquisition of land, construction of building.

### ***Common Pursuits of Group Company***

Our Group Company, Belliya Services Private Limited is authorized to engage in similar business to that of our Company as on the date of this Draft Red Herring Prospectus. Our Company shall adopt necessary procedures and practices as permitted by law to address any situations that may lead to conflict, as and when they arise. For further details, see “Risk Factor no. 30 - *Our Subsidiaries and Group Company have common pursuits as they are engaged or authorized to engage in similar business or industry segments. Should we face any conflicts of interest with them in the future, our business, financial condition, results of operations and prospects may be adversely impacted.*” beginning on page 55.

### ***Related business transactions with our Group Company and significance on the financial performance of the Company***

Other than the transactions as disclosed under *Note 42 – Related Party Transactions*” under the chapter “*Restated Consolidated Financial Statements*” on page 297, there are no other related business transactions between our Company and our Group Company which are significant for the financial performance of our Company.

### ***Litigation involving our Group Company***

As on the date of this Draft Red Herring Prospectus, there is no pending litigation involving our Group Company which will have a material impact on our Company.

### ***Business interest of our Group Company***

Except in the ordinary course of business and other than the transactions disclosed in the section “*Note 42 – Related Party Transactions*” under the chapter “*Restated Consolidated Financial Statements*” on page 297, our Group Company does not have any business interest in our Company.

### ***Confirmations***

Our Group Company is not listed on any stock exchange. Further, our Group Company has not made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Red Herring Prospectus.

## DIVIDEND POLICY

As on the date of this Draft Red Herring Prospectus, the Company does not have a formal dividend policy. The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the applicable laws including the Companies Act, read with the rules notified thereunder, each as amended. We may retain all our future earnings, if any, for purposes to be decided by our Company, subject to compliance with the provisions of the Companies Act. The quantum of dividend, if any, will depend on a number of factors, including but not limited to profits earned and available for distribution during the relevant Financial Year/Fiscal, accumulated reserves including retained earnings, expected future capital/expenditure requirements, organic growth plans/expansions, proposed long-term investment, capital restructuring, debt reduction, crystallization of contingent liabilities, cash flows, current and projected cash balance and external factors, including but not limited to the macro-economic environment, regulatory changes, technological changes and other factors like statutory and contractual restrictions.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under our current or future loan or financing documents. The amounts declared as dividends in the past are not necessarily indicative of our dividend amounts, if any, in the future.

There is no guarantee that any dividends will be declared or paid. For details, see “Risk Factors 47- *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*” on page 62 of this Draft Red Herring Prospectus.

Our Company has not declared any dividends in the last three fiscals and till the date of filing of this Draft Red Herring Prospectus.

For further details, please refer to section titled “*Financial Information*” on page 239 of this Draft Red Herring Prospectus.

## SECTION V – FINANCIAL INFORMATION

### RESTATED CONSOLIDATED FINANCIAL STATEMENTS

#### INDEPENDENT AUDITOR’S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION IN CONNECTION WITH THE PROPOSED INITIAL PUBLIC OFFERING OF EARTHOOD SERVICES LIMITED (FORMERLY KNOWN AS EARTHOOD SERVICES PRIVATE LIMITED)

The Board of Directors

**Earthood Services Limited**

(Formerly known as Earthood Services Private Limited)

CIN: U93000HR2012PLC047116

12003 To 12005, 12th Floor,  
Tower B, Emaar Digital Greens,  
Sector-61, Golf Course Extension Road,  
Gurgaon, Haryana, India, 122011

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information, of Earthood Services Limited (Formerly known as Earthood Services Private Limited) (the “Company” or the “Issuer”) and its subsidiaries (the Company and its subsidiaries together referred to as the “Group”), comprising:
  - a) The “Restated Consolidated Statement of Assets and Liabilities” as at 30<sup>th</sup> September 2024, 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022;
  - b) The Restated Consolidated Statements of Profit and Loss (including other comprehensive income) for the period ended 30<sup>th</sup> September 2024 and years ended 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022;
  - c) The Restated Consolidated Statement of Changes in Equity for the period ended 30<sup>th</sup> September 2024 and years ended 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022;
  - d) The Restated Consolidated Cash Flow Statement for the period ended 30<sup>th</sup> September 2024 and years ended 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022;
  - e) The “Basis of Preparation, Material Accounting Policies and Notes to Restated Consolidated Financial Information” for the period ended 30<sup>th</sup> September 2024 and years ended 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022;

(hereinafter together referred to as the “Restated Consolidated Financial Information”), prepared by the Management of the Company in connection with the proposed Initial Public Offering of Equity Shares of the Company (the “IPO” or “Offer”) in accordance with the requirements of:

- a) The Sub-section (1) of Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “Act”);
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”);
- c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”);

The said Restated Consolidated Financial Information has been approved by the Board of Directors of the Company at their meeting held on 17th December 2024 for the purpose of inclusion in the Draft Red Herring Prospectus (“DRHP”).

## **Management’s Responsibility for the Restated Consolidated Financial Information**

2. The preparation of the Restated Consolidated Financial Information, for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India (“SEBI”), BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) in connection with the proposed Initial Public Offering of the equity shares of the Company, is the responsibility of the Management of the Company. The Restated Consolidated Financial Information has been prepared by the Management of the Company in accordance with the basis of preparation stated in Note 2 to the Restated Consolidated Financial Information. The Management’s responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Group complies with the Act, SEBI ICDR Regulations and the Guidance Note.

## **Auditor’s Responsibilities**

3. We have examined the Restated Consolidated Financial Information taking into consideration:
  - a) the terms of reference and our engagement agreed with you vide our engagement letter dated 21<sup>st</sup> June 2024, in connection with the Offer.
  - b) The Guidance Note which also requires that we comply with the ethical requirements as stated in the Code of Ethics issued by the ICAI;
  - c) The concepts of test check and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
  - d) The requirements of Section 26 of the Act, the SEBI ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to compliance with the Act, the SEBI ICDR Regulations, the Guidance Note and SEBI Communication, in connection with the Offer.

4. These Restated Consolidated Financial Information expressed in Indian Rupees in lakhs, has been prepared by the Company’s Management from:
  - a) Audited Consolidated Special Purpose Financial Statements of the Group as at and for the period ended 30<sup>th</sup> September 2024, prepared by the management in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended (referred to as “Ind AS”), and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 17<sup>th</sup> December 2024.
  - b) Audited Consolidated Financial Statements of the Group as at and for the year ended 31<sup>st</sup> March 2024, prepared by the management in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended (referred to as “Ind AS”), and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 21<sup>st</sup> June 2024;
  - c) Audited Consolidated Financial Statements of the Group as at and for the year ended on 31<sup>st</sup> March 2023 prepared in accordance with Accounting Standard (referred to as “AS”) as prescribed under Section 133 of the Act, read with Companies (Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 1<sup>st</sup> September 2023 and later on adopted by the members of the Holding Company in the Annual General Meeting held on 30<sup>th</sup> September 2024;
  - d) Audited Consolidated Financial Statements of the Group as at and for the year ended on 31<sup>st</sup> March 2022

prepared in accordance with Accounting Standard (referred to as “AS”) as prescribed under Section 133 of the Act, read with Companies (Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 30<sup>th</sup> August 2022 and later on adopted by the members of the Holding Company in the Annual General Meeting held on 30<sup>th</sup> September 2024;

- e) The Special purpose audited consolidated converged financial statements (based on the previously issued Audited Consolidated Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Indian Accounting Standards – Ind AS) of the Group as at and for the years ended on 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 prepared in accordance with Indian Accounting Standard (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 17<sup>th</sup> December 2024.
- f) Financial Statements and other financial information in relation to the Company’s subsidiary companies, as listed below are included in these Restated Consolidated Financial Information of the Company for the period ended 30<sup>th</sup> September 2024 and years ended 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022.

S. No.	Name of the Subsidiary Company	Period/ Year ended on	Audited/ Unaudited
1	Earthood UK Limited	30 <sup>th</sup> September 2024, 31 <sup>st</sup> March 2024, 31 <sup>st</sup> March 2023, 31 <sup>st</sup> March 2022	Audited
2	Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi	30 <sup>th</sup> September 2024, 31 <sup>st</sup> March 2024, 31 <sup>st</sup> March 2023	Un Audited
3	Earthood Rus Limited Liability Company	30 <sup>th</sup> September 2024	Un Audited
4	Earthood Green Environmental Consultants & Studies L.L.C	30 <sup>th</sup> September 2024	Un Audited

5. For the purpose of our examination, we have relied on:

- a) Auditor’s report issued by us dated 17<sup>th</sup> December 2024 on consolidated Special Purpose Financial Statements of the Group as at and for the period ended on 30<sup>th</sup> September 2024 prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended (referred to as “Ind AS”), and other accounting principles generally accepted in India.
- b) Auditor’s report issued by us dated 21<sup>st</sup> June 2024 on consolidated financial statements of the Group as at and for the year ended on 31<sup>st</sup> March 2024 prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended (referred to as “Ind AS”), and other accounting principles generally accepted in India.
- c) Auditor’s report issued by Previous Auditor dated 1<sup>st</sup> September 2023 and 30<sup>th</sup> August, 2022 on consolidated financial statements of the Group as at and for the years ended on 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022, respectively, prepared in accordance with Accounting Standard (referred to as “AS”) as prescribed under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2006, as amended, and other accounting principles generally accepted in India.
- d) Special purpose audit report issued by us on the Special Purpose Consolidated Financial Statements of the Group as at and for the years ended on 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022, dated 17<sup>th</sup> December 2024, as referred in Para 4 (e) above;

6. The audit reports issued by us referred in paragraph 5 (a) included following matters which did not require any adjustment in the Restated Consolidated Financial Information:

**(A) Emphasis of Matter paragraphs with respect to audit report issued by us referred in paragraph 5(a) reproduced below:**

- i. We draw attention to Note No.51.1 of the Restated Consolidated Financial Information regarding pending approval of regularization by Reserve Bank of India (RBI) of investments made by Company in subsidiary, Earhood UK limited, United Kingdom.

Our conclusion is not modified in respect of these matters.

- ii. We draw attention to Note No. 51.2 of the Restated Consolidated Financial Information regarding non reporting to Reserve Bank of India (RBI) of investments by the Company in subsidiary, Earhood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi, Republic of Türkiye, which we have been informed that the company is in process of filing application for regularisation.

Our conclusion is not modified in respect of these matters.

- iii. We draw attention to Note No. 51.3 of the Restated Consolidated Financial Information regarding non reporting to Reserve Bank of India (RBI) of investments by the Company in subsidiary, Earhood Rus Limited Liability Company at Russia, which we have been informed that the company is in process of filing application for regularisation.

Our conclusion is not modified in respect of these matters.

- iv. We draw attention to Note No. 59 of the Restated Consolidated Financial Information regarding various non compliances with Companies Act, 2013 committed in past years, for which company has filed requisite information/ application before appropriate authorities under the Companies Act. The impact of these non compliance to the Restated Consolidated Financial Information, if any, is not ascertainable.

Our conclusion is not modified in respect of these matters.

- v. We draw attention to Note No. 60 of the Restated Consolidated Financial Information regarding Compounding Order dt. 16th December 2024 passed under section 441 of the Companies Act, 2013 for compounding of default committed under section 129(3) of the Companies Act, 2013.

Our conclusion is not modified in respect of this matter.

**(B) Other Matter Paragraph with respect to audit report issued by us referred in paragraph 5(a) reproduced below:**

- i. We did not audit the financial statements / financial information of three subsidiaries, whose financial statements / financial information reflect total assets total revenues and net cash inflows for the year ended on that date, as considered in the consolidated financial statements.

<b>Particulars</b>	<b>As at/ for the period ended 30<sup>th</sup> September 2024</b>
Total assets	₹ 29.63 Lakh
Total revenue	₹ 13.56 Lakh
Total Net Profit/ (Loss) after tax	₹ (18.89) Lakh
Net Cash Inflows/ (Outflows)	₹ 1.52 Lakh

This financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries are solely on the basis of such unaudited financial statements / financial information. In our opinion and according to the

information and explanation given to us by the Management, this financial statements / financial information is not material to the Group.

Our opinion is not modified in respect of this matter.

7. The audit reports issued by us referred in paragraph 5 (b) and audit reports issued by previous auditors referred in paragraph 5 (c), included following matters which did not require any adjustment in the Restated Consolidated Financial Information:

**(A) Qualified Opinion with respect to audit report issued by us referred in paragraph 5(b) reproduced below (Refer Note No. 53.1):**

- i. We draw attention to Note No. 53 of Consolidated Financial Statements as at 31<sup>st</sup> March 2024. As explained in Note, Consolidated Financial Statements for F.Y. 2021-22 & FY 2022-23 presented in these Consolidated Financial Statements as comparative Financial Statements are restated to Ind AS on adoption First Time Adoption of Ind AS of the Holding Company based on Consolidated Financial Statements of respective years provided by Holding Company which were prepared under applicable Accounting Standards.

We have been informed by the Management that these Consolidated Financial will be adopted in ensuing Annual General Meeting and Holding Company will be taking steps to apply for Compounding of Offences for defaults to Registrar of Companies, NCT of Delhi & Haryana, under applicable provisions of the Companies Act, 2013.

**(B) Emphasis of Matter paragraphs with respect to audit report issued by us referred in paragraph 5(b) reproduced below (Refer Note No. 53.2):**

- i. We draw attention to Note No. 51.1 of Consolidated Financial Statements as at 31<sup>st</sup> March 2024 regarding pending approval of regularization by Reserve Bank of India (RBI) of investments made by Company in subsidiary, Earthood UK limited, United Kingdom.

Our conclusion is not modified in respect of these matters.

- ii. We draw attention to Note No. 51.2 of Consolidated Financial Statements as at 31<sup>st</sup> March 2024 regarding non reporting to Reserve Bank of India (RBI) of investments by the Company in subsidiary, Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi, Republic of Türkiye, which company is in process of filing application for regularisation.

Our conclusion is not modified in respect of these matters.

**(C) Other Matter Paragraph with respect to audit report issued by us referred in paragraph 5(b) reproduced below (Refer Note No. 53.3):**

- i. The consolidated financial statements of the company for the year ended 31<sup>st</sup> March 2023, were audited by another auditor who expressed an unmodified opinion on those statements vide Independent Auditor's Report dated 1<sup>st</sup> September 2023.

Our opinion is not modified in respect of this matter.

- ii. The consolidated financial statements of the company for the year ended 31<sup>st</sup> March 2022, were audited by another auditor who expressed an unmodified opinion on those statements vide Independent Auditor's Report dated 30<sup>th</sup> August 2022.

Our opinion is not modified in respect of this matter.

- iii. The comparative financial information of the Company for the years ended 31<sup>st</sup> March, 2023 and



31st march, 2022 included in these consolidated financial statements, are based on the statutory consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2021 audited by the predecessor auditor whose report for the year ended 31<sup>st</sup> March 2023, dated 1<sup>st</sup> September, 2023 and for the year ended 31<sup>st</sup> March 2022, dated 30<sup>th</sup> August, 2022, expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to one previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2021 to comply with Ind AS have been audited by us.

Our opinion is not modified in respect of this matter.

- iv. We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets total revenues and net cash inflows for the year ended on that date, as considered in the consolidated financial statements.

Particulars	As at/ for the year ended 31 <sup>st</sup> March 2024
Total assets	₹ 23.97 Lakh
Total revenue	₹ 23.71 Lakh
total net profit after tax of	₹ 4.65 Lakh
Net cash inflows/ (outflows)	₹ 8.55 Lakh

This financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Subsidiary is solely on the basis of such unaudited financial statements / financial information. In our opinion and according to the information and explanation given to us by the Management, this financial statements / financial information is not material to the Group.

Our opinion is not modified in respect of this matter.

- v. During the year Group noted certain errors appearing since 1<sup>st</sup> April 2022, consequently Group corrected these errors as per Ind AS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” by restating each of the affecting financial statement line items for prior periods. Refer Note No. 50 of Consolidated Financial Statements as at 31<sup>st</sup> March 2024.

Our opinion is not modified in respect of this matter.

**(D) Other Matter Paragraph with respect to audit report issued by Previous Auditors referred in paragraph 5(c) reproduced below (Refer Note No. 53.4):**

- i. The Financial Statements of the Subsidiary Companies have been audited by us as per the financial information furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of subsidiary and our report in terms of Section 143(3), in so far as it relates to the aforesaid subsidiaries, is not modified.

Our opinion on the consolidated financial statements, and our Report on the other legal and regulatory requirements below, are not modified in respect of other matters.

8. We draw attention to Note No. 56.1 of the Restated Consolidated Financial Information, regarding Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 was not issued for the year 2021-22 & 2022-23.

Hence, we are unable to comment on the same.

9. We draw attention to Note No. 56.2 of the Restated Consolidated Financial Information, regarding Statement on the matters specified in paragraphs 3 & 4 as required by the companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, was not issued for the year 2021-22 & 2022-23.

Hence, we are unable to comment on the same.

### **Opinion**

10. Based on the above and according to the information and explanations given to us, we report that Restated Consolidated Financial Information:
- i. have been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note;
  - ii. have been prepared after incorporating adjustments in respect of changes in the accounting policies, material errors, and regrouping/ reclassifications, retrospectively to reflect the same accounting treatment as per the accounting policies as at and for the period ended 30<sup>th</sup> September 2024; and
  - iii. there are no qualifications in the auditors' reports which require any adjustments.
11. We have not audited any Financial Statements of the Holding Company as of any date or for any period subsequent to 30<sup>th</sup> September 2024. Accordingly, we do not express any opinion on the financial position, results, changes in equity or cash flows of the Company as of any date or for any period subsequent to 30<sup>th</sup> September 2024.
12. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report issued by us or other auditors on the consolidated financial statements of the Group, or any components included in those financial statements as may be applicable for the reporting periods.
13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

### **Restriction on Use**

14. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Red Herring Prospectus, prepared in connection with the proposed Initial Public Offering of Equity Shares of the Company, to be filed by the Company with the Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed Initial Public Offering of the equity shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For JAGDISH CHAND & CO.**  
**Chartered Accountants**  
**ICAI Firm Registration Number: 000129N**

**(Pawan Kumar)**  
**Partner**  
**Membership Number: 511057**

UDIN: 24511057BKFJTT5435  
Place of Signature: Gurugram  
Date: 17<sup>th</sup> December 2024

**EARTHOOD SERVICES LIMITED**  
(Formerly known as Earthood Services Private Limited)

**Restated Consolidated Statement of Assets & Liability**

₹ in Lakhs

Particular	Note No.	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Assets</b>					
<b>1 Non-Current Assets</b>					
a. Property, Plant and Equipment	5	43.17	27.08	32.79	163.53
b. Investment Property	6	105.24	107.87	113.39	-
c. Goodwill	7	-	-	22.82	-
d. Other Intangible Assets	8	-	-	1.49	4.05
e. Right of Use Assets	9	347.34	257.36	290.71	-
<b>f. Financial Assets</b>					
i. Investments	10 A	0.73	29.94	-	-
ii. Loans	11 A	0.72	1.18	2.41	2.79
iii. Other Financial Assets	12 A	21.67	13.86	10.86	2.81
g. Deferred Tax Asset (net)	13	-	69.73	90.05	10.30
		<b>518.87</b>	<b>507.02</b>	<b>564.52</b>	<b>183.48</b>
<b>2 Current Assets</b>					
<b>a. Financial Assets</b>					
i. Investments	10 B	2,575.38	1,518.64	308.23	151.26
ii. Trade Receivables	14	1,003.17	1,097.59	678.42	175.95
iii. Cash and Cash Equivalents	15	400.38	708.98	579.13	240.32
iv. Bank Balances other than (iii) above	16	207.10	5.28	0.38	-
v. Loans	11 B	12.77	1.23	1.31	3.62
vi. Other Financial Assets	12 B	34.98	23.61	14.34	12.04
c. Income Tax Assets (Net)	17	13.77	6.74	-	14.70
d. Other Current Assets	18	110.83	48.85	55.24	24.58
		<b>4,358.38</b>	<b>3,410.92</b>	<b>1,637.05</b>	<b>622.47</b>
<b>Total</b>		<b>4,877.25</b>	<b>3,917.94</b>	<b>2,201.57</b>	<b>805.95</b>
<b>Equity and Liabilities</b>					
<b>1 Equity</b>					
a. Equity Share Capital	19	2,385.00	954.00	3.00	3.00
b. Other Equity	20	1,568.50	2,199.27	1,259.02	389.22
<b>Total Equity</b>		<b>3,953.50</b>	<b>3,153.27</b>	<b>1,262.02</b>	<b>392.22</b>
<b>2 Liabilities</b>					
<b>Non-Current Liabilities</b>					
<b>a. Financial Liabilities</b>					
i. Borrowings	21 A	-	-	51.56	99.78
ii. Lease Liabilities	22	335.46	255.49	272.96	-
b. Provisions	23 A	80.44	80.44	68.21	42.90
c. Deferred Tax Liability (net)	13	21.15	-	-	-
		<b>437.05</b>	<b>335.93</b>	<b>392.73</b>	<b>142.68</b>
<b>Current Liabilities</b>					
<b>a. Financial Liabilities</b>					
i. Borrowings	21 B	9.01	-	2.00	2.00
ii. Lease Liabilities	22	36.36	17.48	15.95	-
iii. Trade Payables	24	-	-	-	-
(A) Total outstanding dues of micro enterprise and small enterprises		-	-	-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		54.81	53.40	82.61	148.77
iv. Other Financial Liabilities	25	-	-	10.67	-
b. Other Current Liabilities	26	212.63	272.42	312.21	118.79
c. Provisions	23 B	26.93	2.74	2.44	1.48
d. Current Tax Liability (Net)	27	146.96	82.70	120.93	-
		<b>486.70</b>	<b>428.74</b>	<b>546.81</b>	<b>271.04</b>
<b>Total</b>		<b>4,877.25</b>	<b>3,917.94</b>	<b>2,201.56</b>	<b>805.95</b>

Material Accounting Policies and Notes to accounts to Restated Consolidated Financial Information 1 to 62

As per our report of even date

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number : 000129N

For Earthood Services Limited

(Pawan Kumar)  
Partner  
Membership Number: 511057

Kaviraj Singh  
DIN-03348070  
Executive Director

Ashok Kumar Gautam  
DIN-06715620  
Executive Director

Place of signing: Gurugram  
Date: 17-12-2024

Manish Singh Negi  
(Chief Financial Officer)

Vishaka Jalan  
(Company Secretary and Compliance Officer)  
F11984

Place of signing: Gurugram  
Date: 17-12-2024

**Restated Consolidated Statement of Profit and Loss**

₹ in Lakhs

	Particulars	Note	Period Ended 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
	<b>Income</b>					
I	Revenue from Operations	28	2,189.13	4,679.34	3,239.29	1,011.17
II	Other Income	29	8.35	38.37	15.38	1.50
III	<b>Total income</b>		<b>2,197.48</b>	<b>4,717.71</b>	<b>3,254.67</b>	<b>1,012.67</b>
	<b>Expenses</b>					
IV	Employee Benefit Expense	30	629.54	1,048.66	873.32	373.99
	Finance Costs	31	16.99	55.47	9.24	12.34
	Depreciation and Amortisation Expense	32	39.15	57.32	37.49	36.35
	Other Expenses	33	703.42	939.62	986.94	437.11
	<b>Total expenses (IV)</b>		<b>1,389.10</b>	<b>2,101.07</b>	<b>1,906.99</b>	<b>859.79</b>
V	<b>Restated Profit Before Tax (III-IV)</b>		<b>808.38</b>	<b>2,616.64</b>	<b>1,347.68</b>	<b>152.88</b>
VI	<b>Income Tax Expense</b>	34				
	Current Tax Expense		215.82	683.91	337.21	27.95
	Deferred Tax		56.88	(1.39)	(81.60)	(3.27)
	Adjustment of Tax for prior years		(7.00)	0.52	18.49	-
	<b>Total Income Tax Expense</b>		<b>265.70</b>	<b>683.04</b>	<b>274.10</b>	<b>24.68</b>
VII	<b>Restated Profit for the year (V-VI)</b>		<b>542.68</b>	<b>1,933.60</b>	<b>1,073.58</b>	<b>128.20</b>
VIII	<b>Other Comprehensive Income/ Expenses</b>	35				
A.	Items that will not be reclassified to profit or loss		293.57	102.54	9.27	13.68
	Income Tax on above		(31.85)	(21.55)	1.76	0.63
B.	Items to be reclassified to Profit & Loss		8.58	(0.27)	(12.94)	(0.42)
	Income Tax on above		(2.16)	0.07	3.26	0.11
	<b>Restated Other Comprehensive Income for the year, net of tax</b>		<b>268.15</b>	<b>80.79</b>	<b>1.35</b>	<b>14.00</b>
IX	<b>Restated Total Comprehensive Income for the year (VII+VIII)</b>		<b>810.82</b>	<b>2,014.39</b>	<b>1,074.93</b>	<b>142.20</b>
X	<b>Profit/(Loss) attributable to</b>					
	Equity Shareholders of Holding Company		546.62	1,925.24	1,070.73	128.20
	Non Controlling Interest		(3.94)	8.36	2.85	-
			<b>542.68</b>	<b>1,933.60</b>	<b>1,073.58</b>	<b>128.20</b>
	<b>Other Comprehensive Income attributable to</b>					
	Equity Shareholders of Holding Company		268.15	80.79	1.35	14.00
	Non Controlling Interest		-	-	-	-
			<b>268.15</b>	<b>80.69</b>	<b>1.35</b>	<b>14.00</b>
	<b>Restated Total Comprehensive Income attributable to</b>					
	Equity Shareholders of Holding Company		814.76	2,005.93	1,072.08	142.20
	Non Controlling Interest		(3.94)	8.36	2.85	-
			<b>810.82</b>	<b>2,014.29</b>	<b>1,074.93</b>	<b>142.20</b>
XI	<b>Earning per equity share</b>	36				
	Equity shares of face value ₹ 10/- each					
	--- Basic (₹)		2.28	8.11	4.50	0.54
	--- Diluted (₹)		2.25	8.11	4.50	0.54

Material Accounting Policies and Notes to accounts to Restated Consolidated Financial Information

1 to 62

As per our report of even date

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number : 000129N

For Earthood Services Limited

(Pawan Kumar)  
Partner  
Membership Number: 511057

Kaviraj Singh  
DIN-03348070  
Executive Director

Ashok Kumar Gautam  
DIN-06715620  
Executive Director

Place of signing: Gurugram  
Date: 17-12-2024

Manish Singh Negi  
(Chief Financial Officer)

Vishaka Jalan  
(Company Secretary and Compliance Officer)

F11984

Place of signing: Gurugram  
Date: 17-12-2024

**EARTHOOD SERVICES LIMITED**  
(Formerly known as Earthood Services Private Limited)

**Restated Consolidated Statement of Cash Flows**

Particulars	Period ended	Year ended	Year ended	Year ended
	30th September 2024	31st March 2024	31st March 2023	31st March 2022
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and Extraordinary items	808.38	2,616.64	1,347.68	152.88
<b>Adjustments for :</b>				
Depreciation and Amortisation Expense	10.02	18.45	31.67	31.50
Depreciation on Investment Properties	2.63	5.52	0.48	-
Foreign Currency Transition Reserve (FCTR)	6.42	(0.20)	(9.68)	(0.31)
Depreciation on Right of Use Assets	26.50	33.35	2.78	-
Amortization of Other Intangible Assets	-	-	2.56	4.85
Non Controlling Interest	3.94	-	-	-
Assets Written off	-	1.56	3.28	-
Share Based Payments	4.36	-	-	-
Profit on Sale of Investments	-	(11.70)	(2.02)	-
Loss/ (Gain) on foreign currency transaction (net)	17.86	72.22	32.67	10.10
Finance cost	16.94	27.96	9.24	12.34
Interest income	(1.28)	(2.90)	(0.43)	(0.26)
Dividend Received	(0.60)	(1.22)	-	-
Provision for Bad Debts and Expected Credit Loss (ECL)	55.16	11.54	2.84	9.39
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>950.33</b>	<b>2,771.22</b>	<b>1,421.07</b>	<b>220.49</b>
<b>Working capital adjustments :</b>				
(Increase)/ decrease in Trade Receivables	20.98	(499.00)	(537.81)	(85.92)
Decrease/ (increase) in Advances and Other Assets	(91.96)	(3.47)	(37.94)	2.91
Increase/(decrease) in Provisions	24.19	26.72	26.27	1.41
Increase/(decrease) in Trade Payable	0.08	(33.13)	(66.35)	(66.44)
Increase/(decrease) in Current Liability and Other Payables	(59.79)	(36.75)	190.26	80.25
<b>Cash Generated from operations</b>	<b>843.83</b>	<b>2,225.58</b>	<b>995.49</b>	<b>152.70</b>
Direct Taxes paid / Refund	(151.60)	(729.40)	(220.07)	(18.99)
<b>Net Cash from operating activities</b>	<b>692.24</b>	<b>1,496.18</b>	<b>775.42</b>	<b>133.71</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant & Equipments	(26.11)	(12.80)	(18.08)	(18.97)
Increase in ROU Assets	(116.48)	-	(293.49)	-
Investment in Equity Share Capital of Other Company	-	(29.94)	-	-
Investment in Listed Companies (net)	(24.95)	(325.66)	-	-
Investment in Mutual Funds	(709.01)	(784.70)	(154.94)	102.18
Dividend Received	0.60	1.22	-	-
Proceeds/ Creation of Fixed Deposits with Banks (Net)	(201.82)	(4.90)	4.37	4.23
Interest Income	1.01	1.80	0.05	0.26
<b>Net Cash from Investing Activities</b>	<b>(1,076.76)</b>	<b>(1,154.98)</b>	<b>(462.09)</b>	<b>87.70</b>
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
Changes in Lease Liabilities	98.85	(15.94)	288.91	-
Repayment of Borrowings (Net)	9.01	(64.23)	(37.55)	5.83
Dividend Paid	-	(87.09)	(216.65)	-
Fee paid for Increase of Share Capital	(15.00)	(16.13)	-	-
Interest / Finance Charges	(16.94)	(27.96)	(9.24)	(12.34)
<b>Net Cash from Financing Activities</b>	<b>75.92</b>	<b>(211.35)</b>	<b>25.47</b>	<b>(6.51)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(308.60)</b>	<b>129.85</b>	<b>338.81</b>	<b>214.90</b>
<b>Cash &amp; Cash Equivalents as at 1st April (Opening Balance)</b>	<b>708.98</b>	<b>579.13</b>	<b>240.32</b>	<b>25.42</b>
<b>Cash &amp; Cash Equivalents as at 31st March (Closing Balance)</b>	<b>400.38</b>	<b>708.98</b>	<b>579.13</b>	<b>240.32</b>
<b>CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES</b>				
<b>Particulars</b>				
<b>Restated Opening Balance as at 31st March 2022</b>				
<b>Borrowings</b>				
101.78				
Changes in Financial Liabilities (Net of borrowings and repayments)				
(37.55)				
Changes in Lease Liabilities (Net of Addition and Payment of Interest)				
288.91				
<b>As at 31st March 2023</b>				
353.14				
Changes in Financial Liabilities (Net of borrowings and repayments)				
(64.23)				
Changes in Lease Liabilities (Net of Addition and Payment of Interest)				
(15.94)				
<b>As at 31st March 2024</b>				
272.97				
Changes in Financial Liabilities (Net of borrowings and repayments)				
9.01				
Changes in Lease Liabilities (Net of Addition and Payment of Interest)				
98.85				
<b>As at 30th September 2024</b>				
380.84				
<b>Cash &amp; Cash Equivalents for the purpose of Cash Flows</b>				
	<b>30th September 2024</b>	<b>31st March 2024</b>	<b>31st March 2023</b>	<b>31st March 2022</b>
Cash and Cash Equivalents (Refer Note no. 15)	400.38	708.98	579.13	240.32
Less: Bank Overdraft	-	-	-	-
<b>Total</b>	<b>400.38</b>	<b>708.98</b>	<b>579.13</b>	<b>240.32</b>

Note :

- The Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7-"Statement of Cash Flows".
- Amounts in brackets, represent Cash Outflow.

Material Accounting Policies and Notes to accounts to Restated Consolidated Financial Information

1 to 62

As per our report of even date

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number : 000129N

For Earthood Services Limited

(Pawan Kumar)  
Partner  
Membership Number: 511057

Kaviraj Singh  
DIN-03348070  
Executive Director

Ashok Kumar Gautam  
DIN-06715620  
Executive Director

Place of signing: Gurugram  
Date: 17-12-2024

Manish Singh Negi  
(Chief Financial Officer)

Vishaka Jalan  
(Company Secretary and Compliance Officer)  
F11984

Place of signing: Gurugram  
Date: 17-12-2024

**EARTHOOD SERVICES LIMITED**  
(Formerly known as Earthood Services Private Limited)

**Restated Consolidated Statement of Change in Equity**

**A. Equity Share Capital**

For the period from 1st April 2024 to 30th September, 2024

Particulars	Balance at the beginning of 1st April 2024	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of 1st April 2024	Changes in equity share capital during the current Period	Balance at the end of the 30th September 2024
Equity Shares (in Numbers)	95,40,000	-	95,40,000	1,43,09,998	2,38,49,998
in Lakhs	954.00	-	954.00	1,431.00	2,385.00

For the year from 1st April 2023 to 31st March 2024

Particulars	Balance at the beginning of 1st April 2023	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of 1st April 2023	Changes in equity share capital during the current year	Balance at the end of the 31st March 2024
Equity Shares (in Numbers)	30,000	-	30,000	95,10,000	95,40,000
in Lakhs	3.00	-	3.00	951.00	954.00

For the year from 1st April 2022 to 31st March 2023

Particulars	Balance at the beginning of 1st April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of 1st April 2022	Changes in equity share capital during the current year	Balance at the end of the 31st March 2023
Equity Shares (in Numbers)	30,000	-	30,000	-	30,000
in Lakhs	3.00	-	3.00	-	3.00

For the year from 1st April 2021 to 31st March 2022

Particulars	Balance at the beginning of 1st April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of 1st April 2021	Changes in equity share capital during the current year	Balance at the end of the 31st March 2022
Equity Shares (in Numbers)	30,000	-	30,000	-	30,000
in Lakhs	3.00	-	3.00	-	3.00

**B. Other Equity**

₹ in Lakhs

Particulars	Reserves and Surplus		Equity Instruments through Other Comprehensive Income	Foreign Currency Transition Reserve (FCTR)	Non Controlling Interest (NCI)	Total
	Retained Earnings	Reserve for Share Based Payments				
<b>Restated Balance as at 31st March 2021</b>	<b>239.48</b>	-	<b>12.49</b>	-	-	<b>251.97</b>
Changes due to prior period errors and adoption of IND AS	(4.95)	-	-	-	-	(4.95)
<b>Restated Balance as at 1st April 2021</b>	<b>234.53</b>	-	<b>12.49</b>	-	-	<b>247.02</b>
Comprehensive Income for the current year	128.20	-	15.37	-	-	143.57
Foreign Currency Transition on Consolidation of Subsidiary	-	-	-	(0.31)	-	(0.31)
Remeasurement of Defined Benefit Obligations	(1.06)	-	-	-	-	(1.06)
<b>Balance as at 31st March 2022</b>	<b>361.67</b>	-	<b>27.86</b>	<b>(0.31)</b>	-	<b>389.22</b>
Changes due to prior period errors and adoption of IND AS	(5.35)	-	-	-	-	(5.35)
<b>Restated Balance as at 31st March 2022</b>	<b>356.32</b>	-	<b>27.86</b>	<b>(0.31)</b>	-	<b>383.87</b>
Comprehensive Income for the current year	1,070.73	-	10.06	-	2.85	1,083.64
Acquisition of NCI	-	-	-	-	22.82	22.82
Foreign Currency Transition on Consolidation of Subsidiary	-	-	-	(9.68)	-	(9.68)

Dividend Paid	(216.65)	-	-	-	-	(216.65)
Remeasurement of Defined Benefit Obligations	(4.98)	-	-	-	-	(4.98)
<b>Balance as at 31st March 2023</b>	<b>1,205.41</b>	<b>-</b>	<b>37.92</b>	<b>(9.99)</b>	<b>25.67</b>	<b>1,259.02</b>
Changes due to prior period errors and adoption of IND AS	(1.62)	-	-	-	-	(1.62)
<b>Restated Balance as at 31st March 2023</b>	<b>1,203.80</b>	<b>-</b>	<b>37.92</b>	<b>(9.99)</b>	<b>25.67</b>	<b>1,257.40</b>
Comprehensive Income for the current year	1,925.24	-	67.30	-	8.36	2,000.90
Acquisition of NCI	-	-	-	-	(22.82)	(22.82)
Utilized towards issue of Bonus Shares	(951.00)	-	-	-	-	(951.00)
Foreign Currency Transition on Consolidation of Subsidiary	-	-	-	0.33	-	0.33
Dividend Paid	(87.09)	-	-	-	-	(87.09)
Remeasurement of Defined Benefit Obligations	17.66	-	-	-	-	17.66
Employee Stock Compensation Cost for the year	-	0.02	-	-	-	0.02
Transfer on Acquisition of NCI	11.21	-	-	-	(11.21)	-
Fee paid for Increase of Authorised Share Capital	(16.13)	-	-	-	-	(16.13)
<b>Balance as at 31st March 2024</b>	<b>2,103.68</b>	<b>0.02</b>	<b>105.22</b>	<b>(9.66)</b>	<b>-</b>	<b>2,199.27</b>
Acquisition of NCI	-	-	-	-	0.04	0.04
Comprehensive Income for the current year	546.62	-	261.73	-	(3.94)	804.41
Utilized towards issue of Bonus Shares	(1,431.00)	-	-	-	-	(1,431.00)
Foreign Currency Transition on Consolidation of Subsidiary	-	-	-	6.42	-	6.42
Remeasurement of Defined Benefit Obligations	-	-	-	-	-	-
Employee Stock Compensation Cost for the year	-	4.36	-	-	-	4.36
Fee paid for Increase of Authorised Share Capital	(15.00)	-	-	-	-	(15.00)
<b>Balance as at 30th September, 2024</b>	<b>1,204.30</b>	<b>4.38</b>	<b>366.95</b>	<b>(3.24)</b>	<b>(3.90)</b>	<b>1,568.50</b>

Material Accounting Policies and Notes to accounts to Restated Consolidated Financial Information

1 to 62

As per our report of even date

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number : 000129N

For Earthood Services Limited

(Pawan Kumar)  
Partner  
Membership Number: 511057

Kaviraj Singh  
DIN-03348070  
Executive Director

Ashok Kumar Gautam  
DIN-06715620  
Executive Director

Place of signing: Gurugram  
Date: 17-12-2024

Manish Singh Negi  
(Chief Financial Officer)

Vishaka Jalan  
(Company Secretary and  
Compliance Officer)  
F11984

Place of signing: Gurugram  
Date: 17-12-2024

# **Earthood Services Limited**

## **(Formerly known as Earthood Services Private Limited)**

### **Material Accounting Policies to Restated Consolidated Financial Information**

#### **1. Corporate Information**

Earthood Services Limited, (Formerly known as Earthood Services Private Limited) (hereinafter referred to as “Company” or “Parent Company” or “Holding Company”) (CIN: U93000HR2012PLC047116) was incorporated on 14<sup>th</sup> September 2012 as a Private Limited Company, domiciled in India. Company has its registered office at DG-B 12-003/12-004/-12005, Tower B, Emaar Digital Greens, Sector 61, Golf Course Extn Road, Gurugram, Haryana, India, 122011.

The Holding Company has been converted from Private Limited Company to Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Holding Company held on 9<sup>th</sup> July 2024 and consequently the name of the Company has been changed to Earthood Services Limited pursuant to a fresh certificate of incorporation issued by the Registrar of Companies on 23<sup>rd</sup> September 2024.

The Holding Company and its Subsidiaries together hereinafter referred to as “the Group”.

Group specialises in invalidating, verifying and certifying carbon credits while promoting sustainable practices. Additionally, it offers Environmental, Social, Governance & Decarbonization advisory to clients in India and abroad. Group has multiple offices across different geographies to cater to international clients & conduct business in multiple locations.

Material Accounting Policies used in preparing Restated Consolidated Financial Information are set out in Note no. 4 of Notes to Restated Consolidated Financial Information.

#### **2. Basis of preparation of Restated Consolidated Financial Information**

##### **a) Basis of preparation and statement of compliance**

The Restated Consolidated Financial Information of the Group has been specifically prepared for inclusion in the Draft Red Herring Prospectus (the “DRHP”) to be filed by the Company with the Securities and Exchange Board of India (“SEBI”) in connection with the proposed Initial Public Offer of equity shares (“IPO”) of the Company (referred to as the “issuer”). The Restated Consolidated Financial Information comprises the Restated Consolidated Statement of Assets and Liabilities as at 30<sup>th</sup> September 2024, 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022, the Restated Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows and the material accounting policies and explanatory notes to Restated Consolidated Financial Information for the period ended 30<sup>th</sup> September 2024 and years ended 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 (hereinafter collectively referred to as “Restated Consolidated Financial Information”).

The Restated Consolidated Financial Information of the Group is prepared to comply in all material respects with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Restated Consolidated Financial Information and other relevant provisions of the Act.

These Restated Consolidated Financial Information have been prepared by the Management of the Company to comply with the requirements of:



- a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act").
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and
- c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note")

The Restated Consolidated Financial Information have been compiled by the Management from:

- a) Audited Consolidated Special Purpose Financial Statements of the Group as at and for the period ended 30th September 2024, prepared by the management in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended (referred to as "Ind AS"), and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 17th December 2024.
- b) Audited Consolidated Financial Statements of the Group as at and for the year ended 31st March 2024, prepared by the management in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended (referred to as "Ind AS"), and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 21st June 2024;
- c) Audited Consolidated Financial Statements of the Group as at and for the year ended on 31st March 2023 prepared in accordance with Accounting Standard (referred to as "AS") as prescribed under Section 133 of the Act, read with Companies (Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 1st September 2023 and later on adopted by the members of the Holding Company in the Annual General Meeting held on 30th September 2024;
- d) Audited Consolidated Financial Statements of the Group as at and for the year ended on 31st March 2022 prepared in accordance with Accounting Standard (referred to as "AS") as prescribed under Section 133 of the Act, read with Companies (Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 30th August 2022 and later on adopted by the members of the Holding Company in the Annual General Meeting held on 30th September 2024;
- e) The Special purpose audited consolidated converged financial statements (based on the previously issued Audited Consolidated Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Indian Accounting Standards – Ind AS) of the Group as at and for the years ended on 31st March 2023 and 31st March 2022 prepared in accordance with Indian Accounting Standard (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 17th December 2024.
- f) Financial Statements and other financial information in relation to the Company's subsidiary companies, as listed below are included in these Restated Consolidated Financial Information of the Company for the period ended 30th September 2024 and years ended 31st March 2024, 31st March 2023 & 31<sup>st</sup> March 2022.

<b>S. No.</b>	<b>Name of the Subsidiary Company</b>	<b>Period/ Year ended on</b>	<b>Audited/ Unaudited</b>
1	Earthood UK Limited	30 <sup>th</sup> September 2024, 31 <sup>st</sup> March 2024, 31 <sup>st</sup> March 2023, 31 <sup>st</sup> March 2022	Audited
2	Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi	30 <sup>th</sup> September 2024, 31 <sup>st</sup> March 2024, 31 <sup>st</sup> March 2023	Un Audited
3	Earthood Rus Limited Liability Company	30 <sup>th</sup> September 2024	Un Audited
4	Earthood Green Environmental Consultants & Studies L.L.C	30 <sup>th</sup> September 2024	Un Audited

The Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2024, were the first set of Financial Statements prepared in accordance with the requirements of Ind AS 101 – First time adoption of Indian Accounting Standards. Accordingly, the transition date to Ind AS is 1<sup>st</sup> April 2022. For all the periods till and including 31<sup>st</sup> March 2023, the Company prepared its Financial Statements in accordance with accounting standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP” or “IGAAP”) due to which Special Purpose Ind AS Financial Statements were prepared for the purpose of IPO.

The Special Purpose Ind AS Financial Statements as at and for the years ended 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 have been prepared after making suitable adjustments to the accounting heads for their IGAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with those used at the date of transition to Ind AS (1<sup>st</sup> April 2021) and as per the presentation, accounting policies and grouping/ classifications including revised Schedule III disclosures followed as at and for the Six months period ended 30<sup>th</sup> September 2024. The Special Purpose Ind AS Financial Statements with required restatement have been included in the Restated Consolidated Financial Statements prepared for the purpose of filing the DRHP.

These Restated Consolidated Financial Statements does not reflect the effects of events that occurred subsequent to the respective dates of board meeting held to approve and adopt the Audited Consolidated Special Purpose Financial Statements and Restated Consolidated Financial Statements as mentioned.

The Restated Consolidated Financial Information have been prepared to contain information/disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:

- i. Adjustments to the profits or losses of the earlier years for the changes in accounting policies if any to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years and of material errors, if any;
- ii. Adjustments for reclassification/ regroupings of the corresponding items of income, expenses, assets and liabilities retrospectively in the years ended 31<sup>st</sup> March 2024, 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022, in order to bring them in line with the groupings as per the Restated Consolidated Financial Information of the Group for the Six months period ended 30<sup>th</sup> September 2024 and the requirements of the ICDR Regulations, if any; and

- iii. The resultant impact of tax due to the aforesaid adjustments, if any.

These Restated Consolidated Financial Information referred above have been prepared solely for the purpose of preparation of the Draft Red Herring Prospectus, prepared in connection with the proposed Initial Public Offering of Equity Shares of the Company, to be filed by the Company with the Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed Initial Public Offering of the equity shares of the Company. Hence, these Special Purpose Consolidated Financial Information is not suitable for any other purpose other than for the purpose of inclusion in Draft Red Herring Prospectus.

These Restated Consolidated Financial Information were approved in accordance with a resolution of the Board of Directors on 17<sup>th</sup> December, 2024

### **3. General Information and Statement of Compliance with Ind AS**

All amounts disclosed in Restated Consolidated Financial Information are presented in Indian Rupees, which is Group's functional and presentation currency, and all amounts are stated in Lakhs of Rupees, rounded off to two decimal places, except when otherwise indicated.

#### **3.1. Current / Non-Current Classification**

Group presents assets and liabilities in statement of financial position based on current/ non-current classification.

Group has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

##### **An asset is classified as current when:**

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- e) All other assets are classified as non-current.

##### **A liability is classified as current when:**

- a) It is expected to be settled in normal operating cycle,
- b) It is held primarily for the purpose of trading,
- c) It is due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- e) All other liabilities are classified as non-current.

Operating cycle is time between acquisition of assets for processing and their realisation in cash or cash equivalents.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.2. Basis of Measurement

Consolidated Financial Statements have been prepared on accrual basis and under historical cost convention except following which have been measured at fair value:

- Certain financial assets and liabilities carried at amortised cost,
- Defined benefit plans – plan assets measured at fair value,

The disclosures of critical accounting judgments, estimates and assumptions are provided in Note 4.23

### 3.3. Going Concern

The Group has prepared the Restated Consolidated Financial Information on the basis that it will continue to operate as a going concern.

## 4. Material Accounting Policies

The accounting policies as set out in the following paragraphs of this note, have been consistently applied, by the Group, to all the periods presented in the said Restated Consolidated Financial Information.

### 4.1. Basis of Consolidation

#### Basis of Accounting

- Financial Statements of Subsidiary Companies in the Consideration are drawn up to same reporting date as of the Holding Company for the purpose of consolidation.
- Restated Consolidated Financial Information have been prepared in accordance with Indian Accounting Standard (Ind AS) 110– ‘Consolidated Financial Statements’ specified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended and other relevant provisions of the Act.

#### Principles of Consolidation

Restated Consolidated Financial Information relate to the Group, i.e with its Subsidiaries. Subsidiaries are those entities in which the Holding Company directly or indirectly, has interest more than 50% of the voting power or otherwise control the composition of the Board or Governing Body to obtain economic benefits from activities.

The Restated Consolidated Financial Information have been prepared as per following principles:

- Financial Statements of Holding Company and its Subsidiary Companies are combined on a line by line basis by adding together of the like items of Assets, Liabilities, Income and Expenses after eliminating intra-group balances, intragroup transactions, unrealized profits or losses in accordance with Ind AS 110–‘Consolidated Financial Statements’ notified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended time to time.
- Non-Controlling Interest (NCI) in the net assets of the consolidated subsidiaries is identified and presented in the Restated Consolidated Statement of Assets & Liabilities separately from liabilities and the equity attributable to Holding’s shareholders. NCI in the net assets of the consolidated subsidiaries consists of: -
  - Amount of equity attributable to NCI at the date on which investment in a subsidiary is made; and
  - NCI share of movement in the equity since the date Holding Subsidiary relationship came into existence.

- iii. For acquisitions of additional interests in subsidiary, where there is no change in control, the Group recognises a reduction to the Non-Controlling Interest of the respective subsidiary with difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of non-controlling interests' difference between cash received from sale of the subsidiary shares and increase to non-controlling interest is also recognised in equity.
- iv. If Group loses control over a subsidiary, it derecognises related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in Profit and Loss. Any investment retained is recognised at fair value. The results of Subsidiaries acquired or disposed of during the year are included in Restated Consolidated Profit and Loss Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.
- v. In case of foreign subsidiaries, being non integral foreign operations, revenue items are consolidated at the monthly average exchange rates prevailing during the year. All monetary Assets and Liabilities are converted at rates prevailing at the end of the year. Components of equity are translated at historical rate. Any Gain / (Loss) on exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve (FCTR).
- vi. Restated Consolidated Financial Information are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's Separate Financial Statements except as otherwise stated in the notes to the accounts.

## 4.2. Revenue Recognition

### Measurement of Revenue

Rendering of services represents revenue earned under a wide variety of contracts with customers to provide professional services to clients.

Revenue from contracts with customers is recognized over time using the input method as services are provided to customers. Group has an enforceable right to payment at a reasonable margin for performance completed to date. In other circumstances Group provides services which are consumed by the customers as they are performed, therefore revenue can be recognized over time. The input method is used to measure progress toward complete satisfaction of the service as it provides a faithful depiction of the transfer of services, as Group charges its customers on a basis in line with costs.

If consideration in a contract includes a variable amount (for example Reimbursement of Travelling and other expenses), Group estimates the amount of consideration to which it will be entitled in exchange for transferring services to the customer. Variable consideration is estimated at contract inception or at the moment of an adjustment in the scope or price of the contract and constrained until it is highly probable that a significant revenue reversal in amount of cumulative revenue recognized will not occur when the associated uncertainty with variable consideration is subsequently resolved.

Payment is generally due upon specific agreed moments during the performance of services, on moments that coincide with the work being performed. Using practical expedient in Ind AS 115, Group does not adjust the consideration for the effects of a significant financing component if it expects, at contract inception, that the period between Group's entitlement to payment from the customer and Group's performance under the contract will be less than twelve months.

## **Contract balances**

### **• Amounts to be billed**

A contract asset is recognized when Group has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. A contract receivable is an amount to be billed for which payment is only a matter of passage of time.

### **• Trade Receivables**

A receivable represents Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Reference is made to the accounting policies of financial assets.

### **• Payments on account**

A contract liability is the obligation to transfer services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier) as Payments on account, presented in Trade and Other Payables.

## **4.3. INCOME RECOGNITION**

### **Interest Income**

Interest income from debt instruments is recognised using effective interest rate method. The Effective Interest Rate (EIR) is rate that exactly discounts estimated future cash receipts through expected life of financial asset to gross carrying amount of a financial asset. When calculating effective interest rate, Group estimates expected cash flows by considering all contractual terms of financial instrument but does not consider expected credit losses.

### **Dividend Income**

Dividends are recognised in profit and loss only when the right to receive payment is established.

### **Other Income**

Other claims including interest on outstanding are accounted for when there is virtual certainty of ultimate collection.

## **4.4. Property, Plant and Equipment**

The Cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after Property, Plant and Equipment are ready for intended use, viz repairs and maintenance, are charged to Statement of Profit and Loss in the period in which the costs are incurred.

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

#### **Depreciation method, estimated useful life and residual value**

Depreciation on tangible fixed assets is provided under Written Down Value method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on additions is being provided on pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/ disposed off during the period is being provided up to the date on which such assets are sold/ disposed off.

#### **4.5. Investment Property**

##### **Recognition**

Property (land or a building-or part of a building-or both) that is held (by the owner or by the lessee under a finance lease) for long term rental yields or for capital appreciation or both is recognized as Investment Property, except

- i. Use in the production or supply of goods or services or for administrative purposes; or
- ii. Sale in the ordinary course of business

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

##### **Subsequent Measurement**

Subsequent expenditure is capitalized to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to Group and the cost of the item can be measured reliably. All other expenses viz repairs, and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of replaced part is derecognised.

##### **Depreciation**

Depreciation is provided on all Investment Property on straight line basis, based on useful life of the relevant assets as prescribed in Schedule II to the Companies Act, 2013. The estimated useful life, residual values and depreciation method are reviewed at end of each reporting period.

##### **Derecognition**

An Investment Property is derecognised (eliminated from the balance sheet) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

An Investment Property is also derecognised when property is transferred to owner-occupied property, or commencement of development with a view to sale, or transfer to inventories.

#### **4.6. Intangible assets & Amortisation of Intangible assets**

Intangible assets represent computer software and are at their cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Intangible assets are being amortised on a straight-line basis over the useful life, not exceeding 5 years, as estimated by management to be the economic life of the asset over which economic benefits are expected to flow.

#### **4.7. Leases**

Group assesses at contract inception where a contract is, or contains, a lease. That is, if contract conveys right to control use of an identified asset for a period of time in exchange for consideration.

### **Group as a Lessee**

Group applies a single recognition and measurement approach for a portfolio of leases with reasonably similar characteristics, except for short-term leases and certain leases of low-value assets.

Group recognizes lease liabilities to make lease payments and right-of-use assets representing right to use underlying assets.

### **Right-of-use assets (ROU Assets)**

Group recognizes Right-of-Use assets at commencement date of lease (i.e., date underlying asset is available for use). Right-of-Use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Cost of Right-of-Use assets includes amount of lease liabilities recognized, initial direct costs incurred, estimate of costs to be incurred by Group in restoring office to condition required by terms and conditions of lease and lease payments made at or before commencement date less any lease incentives received. Right-of-Use assets are depreciated on a straight-line basis over the shorter of lease term and estimated useful life of assets.

Right-of-Use assets are also subject to impairment. Refer Note No. 4.8 for Impairment of Tangible, Intangible Assets and Right of Use Assets.

### **Lease Liabilities**

At commencement date of lease, Group recognizes lease liabilities measured at present value of lease payments to be made over lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include exercise price of a purchase option reasonably certain to be exercised by Group and payments of penalties for terminating lease, if lease term reflects Group exercising option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in period in which event or condition that triggers payment occurs. In calculating present value of lease payments, Group uses its incremental borrowing rate at lease commencement date. Incremental borrowing rate represents rate Group would have to pay to borrow over a similar term, and with a similar security, funds necessary to obtain asset of similar value to leased asset in a similar economic environment.

After commencement date, amount of lease liabilities is increased to reflect accretion of interest and reduced for lease payments made. In addition, carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in assessment of an option to purchase underlying asset.

Lease liability and ROU asset have been separately presented in Balance Sheet and lease payments have been classified as financing cash flows.

### **Short-term leases and leases of low-value assets**

Group applies short-term lease recognition exemption to its leases with a lease term of 12 months or less from commencement date and do not contain a purchase option (short-term leases).

It also applies lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over lease term.

### **Group as a Lessor**

Group acts as lessor through entering into leases related to office building. Leases for which Group is a lessor is classified as a finance or operating lease. Whenever terms of lease transfer substantially all



risks and rewards of ownership to lessee, contract is classified as a finance lease. All other leases are classified as operating leases.

Assets subject to operating leases are presented according to nature of underlying asset in statement of financial position as Investment Properties.

Rental income arising from an operating lease is accounted for on a straight-line basis over lease term and is included in other income.

#### **4.8. Impairment of Tangible, Intangible Assets and Right of Use Assets**

Management of Group assesses at each reporting date and each Balance Sheet date whether there is any indication that carrying amount of its non-financial asset has been impaired. If any such indication exists, provision for impairment is made in accordance with Ind AS-36. An impairment loss is recognized as exceptional item for amount by which asset's carrying amount exceeds its recoverable amount.

Recoverable amount is higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at end of each reporting period.

#### **4.9. Cash and Cash Equivalents**

Cash and Cash equivalents include Cash on hand and at bank and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for purpose of meeting short-term cash commitments.

#### **4.10. Financial Instruments – Initial Recognition and Subsequent Measurement**

A Financial Instrument is any contract that gives rise to a Financial Asset of one Entity and a Financial Liability or Equity Instrument of another Entity.

##### **Financial Assets**

Financial Assets are measured at amortised cost or Fair Value through Other Comprehensive Income or Fair Value through Profit or Loss, depending on its business model for managing those Financial Assets and Liabilities and Assets and Liabilities contractual cash flow characteristics.

Subsequent measurements of Financial Assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively in Companies that share similar credit risk characteristics.

##### **Debt Instruments at Amortised Cost**

A 'Debt Instrument' is measured at amortised cost if both of the following conditions are met:

- Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on principal amount outstanding.

After initial measurement, such Financial Assets are subsequently measured at amortised cost using Effective Interest Rate (EIR) method. All other debt instruments are measured at Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit and Loss (FVTPL) based on the Group's business model.

##### **Equity Investments**

All Equity Investments in scope of Ind AS 109 are measured at fair value. Equity Instruments which are held for trading are classified as at fair value through Profit and Loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at Fair Value through Other

Comprehensive Income (FVOCI) or Fair Value through Profit and Loss (FVTPL) on an instrument-to-instrument basis.

#### **Mutual Funds**

All Mutual Funds in scope of Ind AS 109 are measured at Fair Value through Other Comprehensive Income (FVOCI).

#### **Financial Liabilities**

Financial Liabilities at Fair Value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at Fair Value through Statement of Profit and Loss.

#### **Loans and Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using Effective Interest Rate (hereinafter referred as EIR) method. Gains and Losses are recognised in statement of profit and loss when liabilities are derecognised as well as through EIR amortisation process. EIR amortisation is included as Finance Costs in statement of profit and loss.

#### **Trade and Other Payables**

A payable is classified as 'Trade Payable' if it is in respect of amount due on account of goods purchased or services received in normal course of business. These amounts represent liabilities for goods and services provided to Group prior to end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after reporting period.

#### **Offsetting of Financial Instruments**

Financial Assets and Financial Liabilities are offset, and net amount is reported in balance sheet if there is a currently enforceable legal right to offset recognised amounts and there is an intention to settle on a net basis, to realise assets and settle liabilities simultaneously.

### **4.11. Impairment of Financial Assets**

In accordance with Ind AS 109, Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets that are debt instruments, and are measured at amortised cost e.g., Loans, Debt Securities, Deposits and Trade Receivables or any contractual right to receive cash or another financial asset that result from transactions that are within scope of Ind AS 115.

Group follows 'Simplified Approach' for recognition of impairment loss allowance on trade receivables. Application of simplified approach recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECLs used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, Group reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized under the head 'Other Expenses' in the statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is described below:

#### **Financial assets measured as at amortised cost:**

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. This allowance reduces the net carrying amount.

#### **Debt instruments measured at FVTPL:**

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Change in fair value is taken to the statement of Profit and Loss.

#### **Debt instruments measured at FVTOCI:**

Since financial assets are already reflected at Fair Value, impairment allowance is not further reduced from its value. Group does not have any Purchased or Originated Credit Impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

### **4.12. De-Recognition of Financial Assets & Financial Liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Balance Sheet) when:

- i. The rights to receive cash flows from asset has expired, or
- ii. Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either.
  - (a) Group has transferred substantially all risks and rewards of the asset, or
  - (b) Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

When Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent it has retained risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, Group continues to recognise transferred asset to the extent of the Group's continuing involvement. In that case, Group also recognises an associated liability. Transferred asset and the associated liability are measured on a basis that reflects rights and obligations that Group has retained.

A Financial Liability is de-recognised when obligation under the liability is discharged or cancelled or expires. Consequently, write back of unsettled credit balances is done on the previous experience of Management and actual facts of each case and recognised in Other Operating Income if arising during normal course of business. When an existing Financial Liability is replaced by another from same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. Difference in respective carrying amounts is recognised in the Statement of Profit and Loss.

### **4.13. Cash Flows Statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flows from operating, investing and financing activities of the Group are segregated based on available information.

For purpose of Statement of Cash Flows, Cash and Cash Equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdraft as they are considered an integral part of Group's cash management.

### **4.14. Equity and Reserves**

**Share Capital** represents nominal value of shares that have been issued. Any transaction costs associated with issuing of shares are deducted from retained earnings, net of any related income tax benefits.

**Other Components of Equity** includes Other Comprehensive Income arising from actuarial gain or loss on re-measurement of defined benefit liability and return on plan assets.

**Retained Earnings** include all current and prior period retained profits.

#### **4.15. Employee Stock Option Plan (ESOP)**

Fair Value of options granted under this option plan is recognised as an employee benefit expense with corresponding increase in equity in accordance with recognition and measurement principles as prescribed in Ind AS 102 Share Based Payments.

Total expense is recognised over vesting period, which is period over which all specified vesting conditions are to be satisfied. At end of reporting period, Group revises its estimates of number of options that are expected to vest based on non-market vesting and service conditions. It recognises impact of revision to original estimates, if any, in profit and loss, with corresponding adjustment to equity.

No expense is recognised for options that do not ultimately vest because service conditions have not been met.

Dilutive effect, if any of outstanding options is reflected as additional share dilution in computation of diluted earnings per share.

#### **4.16. Earnings Per Share (EPS):**

Group presents basic and diluted earnings per share ("EPS") data for its equity shares.

**Basic EPS** is calculated by dividing profit/ (loss) attributable to equity shareholders of the Group by weighted average number of equity shares outstanding during the period.

**Diluted EPS** is computed using profit/ (loss) for the year attributable to equity shareholders and weighted average number of equity and potential equity shares outstanding during the period, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

#### **4.17. Fair Value Measurement**

Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on presumption that transaction to sell asset or transfer liability takes place either:

- i. In the principal market for asset or liability, or
- ii. In absence of a principal market, in most advantageous market for asset or liability.

The principal or the most advantageous market must be accessible to Group.

Fair Value of an asset or liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using asset in its highest and best use or by selling it to another market participant that would use asset in its highest and best use.

Group uses valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising use of relevant observable inputs and minimizing use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

**Level 1-** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2-** Valuation techniques for which lowest level input that is significant to fair value measurement is directly or indirectly observable.

**Level 3-** Valuation techniques for which lowest level input that is significant to fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis,

Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Other Fair Value related disclosures are given in the relevant notes.

#### **4.18. Employee benefits**

##### **Provident Fund and Employees' State Insurance**

Holding Company makes contribution to statutory Provident Fund in accordance with the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. These funds are administered through Regional Provident Fund Commissioner and contribution paid or payable is recognised as an expense in the year in which services are rendered by the employee. Group has no legal or constructive obligations to pay further contributions after payment of fixed contribution.

Holding Company's contribution to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 for eligible employees is recognised as an expense in the year in which services are rendered by employee.

##### **Gratuity**

Liability recognized in respect of gratuity is present value of defined benefit obligation at end of reporting period less fair value of plan assets. Defined benefit obligation is calculated annually by actuary using Projected Unit Credit Method.

Re-measurement comprising actuarial gains and losses and return on plan assets (excluding net interest) are recognized in Other Comprehensive Income for period in which they occur and is not reclassified to profit or loss.

##### **Compensated absences**

Liabilities for Leave Encashment and Compensated Absences which are not expected to be settled wholly within operating cycle after end of period in which employees render related service are measured at present value of estimated future cash outflows which is expected to be paid using projected unit credit method. Actuarial gains and losses are recognised in statement of profit or loss in which they occur.

##### **Other Short-Term benefits**

Expense in respect of other short-term benefits is recognised on the basis of amount paid or payable for the year during which services are rendered by employees.

#### **4.19. Foreign Currencies**

##### **Functional and Presentation Currency**

Items included in Restated Consolidated Financial Statements are measured using currency of primary economic environment in which entity operates ('functional currency'). Restated Consolidated Financial Statements are presented in Indian Rupee (₹), which is Group's functional and presentation currency. Financial Statements are presented in ₹ in Lakhs rounded off up to two decimal points.

##### **Transactions and Balances**

In Restated Consolidated Financial Statements of the Group, transactions in currencies other than functional currency are translated into functional currency at exchange rates ruling at date of transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currency at exchange rates prevailing on reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are not retranslated.

All exchange differences are included in the statement of profit and loss.

For Advance Consideration, date of transaction for purpose of determining exchange rate to use on initial recognition of the related asset, expense or income when the Group has received or paid advance consideration in Foreign Currency.

#### **4.20. Segment Reporting**

- i. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker.
- ii. Revenue and Expenses are identified to segments on the basis of their relationship to the operating activities of the segment.
- iii. The Group generally accounts for intersegment sales and transfers at cost plus appropriate margins.
- iv. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue / expenses / assets / liabilities".

#### **4.21. Income Taxes**

Income tax expense represents sum of tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Group's current tax is calculated using tax rates that have been enacted or substantively enacted by end of reporting period.

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in Restated Consolidated Financial Statements and corresponding tax bases used in computation of taxable profits. Deferred income tax assets and liabilities are recognized for all temporary differences arising between tax bases of assets and liabilities and their carrying amounts in Restated Consolidated Financial Statements.

Carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of asset to be recovered.

Deferred tax liabilities and assets are measured at tax rates that are expected to apply in period in which liability is settled or asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by end of reporting period.

Current and Deferred Tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, income taxes are also recognised in other comprehensive income or directly in equity respectively.

#### **4.22. Provisions and Contingencies**

##### **Provisions**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle obligation and there is a reliable estimate of amount of obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and risks specific to liability.

##### **Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within control of Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of amount cannot be made.

##### **Contingent Assets:**

Contingent assets are not recognised but disclosed in Restated Consolidated Financial Statements when an inflow of economic benefits is probable.

#### **4.23. Critical Accounting Estimates, Assumptions, Judgements**

##### **4.23.1. Use of Estimates and Judgements**

Preparation of Restated Consolidated Financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect application of accounting policies and reported amount of assets, liabilities, income, expenses and disclosures of contingent liabilities at date of these financial statements and reported amount of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

##### **4.23.2. Significant Management Judgements**

In process of applying Group's accounting policies, management has made following estimates, assumptions and judgements, which have significant effect on amounts recognised in financial statement:

###### **(a) Contingencies**

Management judgement is required for estimating possible outflow of resources, if any, in respect of contingencies/claim/litigations against Group as it is not possible to predict outcome of pending matters with accuracy.

###### **(b) Allowance for uncollected accounts receivable and advances.**

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on expected credit losses, which are present value of cash shortfall over expected life of financial assets.

#### **4.23.3. Estimation Uncertainty**

Information about estimates and assumptions that have most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

##### **(a) Revenue Recognition**

Where revenue contracts include deferred payment terms, management of Group determines fair value of consideration receivable using expected collection period and interest rate applicable to similar instruments with a similar credit rating prevailing at date of transaction.

##### **(b) Recoverability of Advances/ Receivables**

Group from time-to-time review recoverability of advances and receivables. Review is done at least once in a financial year and such assessment requires significant management judgement based on financial position of counterparties, market information and other relevant factors.

##### **(c) Provisions and Contingencies**

Management judgement is required for estimating possible outflow of resources, if any, in respect of contingencies/claim/litigations against Group as it is not possible to predict outcome of pending matters with accuracy.

##### **(d) Defined Benefit Obligation (DBO)**

Management's estimate of DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact DBO amount and annual defined benefit expenses.



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**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 5**

**Property, Plant and Equipment**

Particulars	Freehold Offices	Vehicles	Office Equipments	Furniture & Fixture	Computers	Total
<b>Gross carrying amount (at cost)</b>						
<b>Balance as at 31st March 2022</b>	<b>119.19</b>	<b>29.53</b>	<b>8.21</b>	<b>-</b>	<b>6.60</b>	<b>163.53</b>
Add: During the year	-	-	3.94	-	14.14	18.08
Adjustment due to Error in Grouping			(1.00)	1.00	-	-
Less: Disposals /adjustments during the year	-	-	3.28	-	-	3.28
Less: Transferred to Investment Property	113.87	-	-	-	-	113.87
<b>Balance as at 31st March 2023</b>	<b>5.32</b>	<b>29.53</b>	<b>7.87</b>	<b>1.00</b>	<b>20.75</b>	<b>64.46</b>
Add: During the year	-	-	-	-	12.80	12.80
Less: Disposals /adjustments during the year	-	-	1.56	-	2.38	3.94
<b>Balance as at 31st March 2024</b>	<b>5.32</b>	<b>29.53</b>	<b>6.31</b>	<b>1.00</b>	<b>31.17</b>	<b>73.32</b>
Add: During the year	-	-	-	0.55	25.56	26.11
Less: Disposals /adjustments during the year	-	-	-	-	-	-
<b>Balance as at 30th September 2024</b>	<b>5.32</b>	<b>29.53</b>	<b>6.31</b>	<b>1.55</b>	<b>56.73</b>	<b>99.43</b>
<b>Accumulated depreciation</b>						
<b>Balance as at 31st March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Add: During the year	5.32	9.22	3.82	0.20	13.11	31.67
Less: Disposals /adjustments during the year	-	-	-	-	-	-
<b>Balance as at 31st March 2023</b>	<b>5.32</b>	<b>9.22</b>	<b>3.82</b>	<b>0.20</b>	<b>13.11</b>	<b>31.67</b>
Add: During the year	-	6.34	1.80	0.21	10.10	18.45
Less: Disposals /adjustments during the year	-	-	1.50	-	2.38	3.88
<b>Balance as at 31st March 2024</b>	<b>5.32</b>	<b>15.56</b>	<b>4.12</b>	<b>0.41</b>	<b>20.83</b>	<b>46.24</b>
Add: During the year	-	2.19	0.49	0.15	7.19	10.02
Less: Disposals /adjustments during the year	-	-	-	-	-	-
<b>Balance as at 30th September 2024</b>	<b>5.32</b>	<b>17.75</b>	<b>4.62</b>	<b>0.56</b>	<b>28.02</b>	<b>56.26</b>
<b>Net carrying amount</b>						
<b>Balance as at 30th September 2024</b>	<b>-</b>	<b>11.78</b>	<b>1.69</b>	<b>0.99</b>	<b>28.71</b>	<b>43.17</b>
Balance as at 31st March 2024	-	13.96	2.19	0.59	10.34	27.08
Balance as at 31 March, 2023	-	20.30	4.05	0.80	7.64	32.79
Balance as at 31 March, 2022	119.19	29.52	8.21	-	6.60	163.53

# Refer Note No. 50.1.B for Adjustments of Prior Period Errors

For Security of Freehold Building Refer Note No. 21C

**Transition to Ind AS:** On transition to Ind AS, the Group has elected to continue with the carrying value of all of its Property, Plant and Equipment and Other Intangible Assets recognised as at 1st April 2022 measured as per the previous GAAP and used that carrying value as the deemed cost of the Property, Plant and Equipment and Other Intangible Assets.

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**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 6**  
**Investment Property (At Cost)**

Particulars	Freehold Offices	Total
<b>Balance as at 31st March 2022</b>	-	-
Additions	-	-
Transfer from Property, Plant & Equipment (Net of Depreciation)	113.87	113.87
Disposals	-	-
<b>Balance as at 31st March 2023</b>	<b>113.87</b>	<b>113.87</b>
Additions/Adjustments	-	-
Disposals	-	-
<b>Balance as at 31st March 2024</b>	<b>113.87</b>	<b>113.87</b>
Additions/Adjustments	-	-
Disposals	-	-
<b>Balance as at 30th September 2024</b>	<b>113.87</b>	<b>113.87</b>
<b>Accumulated depreciation</b>		
<b>Balance as at 31st March 2022</b>	-	-
Depreciation expense	0.48	0.48
<b>Balance as at 31st March 2023</b>	<b>0.48</b>	<b>0.48</b>
Depreciation expense	5.52	5.52
Disposals	-	-
<b>Balance as at 31st March 2024</b>	<b>6.00</b>	<b>6.00</b>
Depreciation expense	2.63	2.63
Disposals	-	-
<b>Balance as at 30th September 2024</b>	<b>8.63</b>	<b>8.63</b>
<b>Net carrying amount</b>		
<b>Balance as at 30th September 2024</b>	<b>105.24</b>	<b>105.24</b>
<b>Balance as at 31st March 2024</b>	<b>107.87</b>	<b>107.87</b>
<b>Balance as at 31st March 2023</b>	<b>113.39</b>	<b>113.39</b>
<b>Balance as at 31st March 2022</b>	-	-

**Note No. 6A**  
**Amounts recognised in Profit & Loss for Investment Property:**

Particular	For the period ended on 30th September 2024	For the year ended on 31st March 2024	For the year ended on 31st March 2023	For the year ended on 31st March 2022
Rental Income	5.97	9.85	0.90	-
Direct Operating Expenses from Investment Property generating Rental Income	-	-	-	-
Direct Operating Expenses from Investment Property not generating Rental Income	0.44	0.39	-	-
<b>Profit from Investment Property before depreciation</b>	<b>5.53</b>	<b>9.46</b>	<b>0.90</b>	-
Depreciation	2.63	5.52	0.48	-
<b>Profit from Investment Property</b>	<b>2.90</b>	<b>3.94</b>	<b>0.42</b>	-

**Note No. 6B**  
**Leasing Arrangements**

Investment Property are leased to tenants under short term/ long term operating leases in accordance with Ind AS 116, with rentals payable monthly. Future minimum lease payments receivable under long-term operating leases of Investment Properties are given below:

Particulars	For the period ended on 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Within one year	0.50	-	8.96	-
Later than one year but not later than 5 years	-	-	-	-
More than 5 years	-	-	-	-

**Note No. 6C**  
**Fair value**

Particulars	Fair Value Hierarchy	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Freehold Offices</b>	<b>Level 3</b>	<b>154.96</b>	<b>154.96</b>	<b>154.96</b>	<b>154.96</b>

**Description of Valuation Techniques used and key inputs to Valuation on Investment Properties:**

**Valuation Approach - Market Approach**

For properties which are ready to use office property, Market Approach and Income Approach is tested. Comparable Market Rates and Market Rents have been used for valuation. The Results based upon Market approach has been adopted for higher reliability. In Market approach, the price of comparable properties with similar features in the near by locations are referred and used for benchmarking. The valuation of property is done by an Independent Valuer and the Fair Value Hierarchy is Level 3.

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**Note No. 7**  
**Goodwill**

Particulars	Goodwill on Subsidiary	Total
<b>Balance as at 31st March 2022</b>	-	-
Additions/Adjustments	22.82	22.82
Disposals	-	-
<b>Balance as at 31st March 2023</b>	<b>22.82</b>	<b>22.82</b>
Additions/Adjustments	-	-
Disposals	22.82	22.82
<b>Balance as at 31st March 2024</b>	-	-
Additions/Adjustments	-	-
Disposals	-	-
<b>Balance as at 30th September,2024</b>	-	-
<b>Accumulated depreciation</b>		
<b>Balance as at 31st March 2022</b>	-	-
Depreciation expense	-	-
<b>Balance as at 31st March 2023</b>	-	-
Depreciation expense	-	-
Disposals	-	-
<b>Balance as at 31st March 2024</b>	-	-
Depreciation expense	-	-
Disposals	-	-
<b>Balance as at 30th September,2024</b>	-	-
<b>Net carrying amount</b>		
<b>Balance as at 30th September,2024</b>	-	-
<b>Balance as at 31st March 2024</b>	-	-
<b>Balance as at 31st March 2023</b>	22.82	22.82
<b>Balance as at 31st March 2022</b>	-	-

**Note No.8**  
**Other Intangible Assets (At Cost)**

Particulars	Software	Total
<b>Balance as at 31st March 2022</b>	<b>8.90</b>	<b>8.90</b>
Additions/Adjustments	-	-
Disposals	-	-
<b>Balance as at 31st March 2023</b>	<b>8.90</b>	<b>8.90</b>
Additions/Adjustments	-	-
Disposals	4.05	4.05
<b>Balance as at 31st March 2024</b>	<b>4.85</b>	<b>4.85</b>
Additions/Adjustments	-	-
Disposals	-	-
<b>Balance as at 30th September,2024</b>	<b>4.85</b>	<b>4.85</b>
<b>Accumulated depreciation</b>		
<b>Balance as at 31st March 2022</b>	<b>4.85</b>	<b>4.85</b>
Depreciation expense	2.56	2.56
<b>Balance as at 31st March 2023</b>	<b>7.41</b>	<b>7.41</b>
Depreciation expense	-	-
Disposals	2.56	2.56
<b>Balance as at 31st March 2024</b>	<b>4.85</b>	<b>4.85</b>
Depreciation expense	-	-
Disposals	-	-
<b>Balance as at 30th September,2024</b>	<b>4.85</b>	<b>4.85</b>
<b>Net carrying amount</b>		
<b>Balance as at 30th September,2024</b>	-	-
<b>Balance as at 31st March 2024</b>	-	-
<b>Balance as at 31st March 2023</b>	1.49	1.49
<b>Balance as at 31st March 2022</b>	4.05	4.05

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
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**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 9**  
**Right of Use Assets**

Particulars	Freehold Offices	Total
<b>Balance as at 31st March 2022</b>	-	-
Additions	293.49	293.49
Disposals	-	-
<b>Balance as at 31st March 2023</b>	<b>293.49</b>	<b>293.49</b>
Additions/Adjustments	-	-
Disposals	-	-
<b>Balance as at 31st March 2024</b>	<b>293.49</b>	<b>293.49</b>
Additions/Adjustments	116.48	116.48
Disposals	-	-
<b>Balance as at 30th September,2024</b>	<b>409.97</b>	<b>409.97</b>
<b>Accumulated depreciation</b>		
<b>Balance as at 31st March 2022</b>	-	-
Depreciation expense	2.78	2.78
Disposals	-	-
<b>Balance as at 31st March 2023</b>	<b>2.78</b>	<b>2.78</b>
Depreciation expense	33.35	33.35
Disposals	-	-
<b>Balance as at 31st March 2024</b>	<b>36.13</b>	<b>36.13</b>
Depreciation expense	26.50	26.50
Disposals	-	-
<b>Balance as at 30th September,2024</b>	<b>62.63</b>	<b>62.63</b>
<b>Net carrying amount</b>		
<b>Balance as at 30th September,2024</b>	<b>347.34</b>	<b>347.34</b>
<b>Balance as at 31st March 2024</b>	<b>257.36</b>	<b>257.36</b>
<b>Balance as at 31st March 2023</b>	<b>290.71</b>	<b>290.71</b>
<b>Balance as at 31st March 2022</b>	-	-

**Note No. 9A**  
**Disclosures as required under Ind-AS 116 " Leases":**

**Maturity analysis of lease liabilities on Unconditional basis:**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Within one year	36.35	17.48	15.95	-
Later than one year but not later than 5 years	261.49	113.26	96.02	-
More than 5 years	73.96	142.24	176.94	-

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Amounts recognised in Statement of profit and loss:**

Particular	For the period ended 30th September, 2024	Year ended on 31st March 2024	Year ended on 31st March 2023	Year ended on 31st March 2022
Depreciation on ROU Assets	26.50	33.35	2.78	-
Interest on lease liabilities	16.94	26.34	2.26	-
<b>Lease payments not recognised as a liability in Other Expenses</b>				
-Variable lease payments not included in the measurement of lease Liabilities	-	-	-	-
- Expenses relating to short-term leases	-	-	-	-
- Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0.13	9.63	11.30	-
<b>Total</b>	<b>43.57</b>	<b>69.32</b>	<b>16.34</b>	-

**Amounts recognised in the statement of cash flows:**

Particulars	For the period ended 30th September, 2024	For the year 31st March 2024	For the Year 31st March 2023	For the Year 31st March 2022
<b>Total cash outflow for leases</b>	<b>32.51</b>	<b>51.37</b>	<b>14.82</b>	-

**Future Lease Commitments**

The total future cash out flow for leases that had not yet commenced: ₹ NIL. (Previous year ₹ Nil).

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 10 A**

**Investments - Non Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Non Current Investments (Unquoted)</b>				
Investment in Equity Shares of Companies #	0.73	29.94	-	-
<b>Total</b>	<b>0.73</b>	<b>29.94</b>	<b>-</b>	<b>-</b>

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b># Investment in Equity Shares of Other Companies (Investments at fair value through OCI)(Unquoted)</b>		-		
Greenstitch Technologies Pvt Ltd (30th September 2024:185, 31st March 2024: 185, 31st March 2023: Nil, 1st April 2022: Nil) Shares of ₹ 10 each fully paid (at cost)	29.94	29.94	-	-
Net (loss)/gain on FVTOCI on Securities	(29.21)	-	-	-
<b>Total Investment in Equity Shares of Other Unlisted Companies (Unquoted)</b>	<b>0.73</b>	<b>29.94</b>	<b>-</b>	<b>-</b>

**Note No. 10B**

**Investments - Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Investment in Equity Shares of Listed Companies (Quoted)	421.34	325.66	-	-
Investment in Mutual Funds (Unquoted)	2,154.04	1,192.98	308.23	151.26
<b>Total</b>	<b>2,575.38</b>	<b>1,518.64</b>	<b>308.23</b>	<b>151.26</b>

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
** Investment in Equity Shares of Listed Companies (Quoted) (Investments at fair value through OCI) (Refer Note No 10C)	421.34	325.66	-	-
***Investment in Mutual Funds (Unquoted) (Investments at fair value through OCI) (Refer Note No 10D)	2,154.04	1,192.98	308.23	151.26
Aggregate book value of quoted Investments	365.21	340.26	-	-
Aggregate Market value of quoted Investments	421.34	325.66	-	-
Aggregate value of unquoted Investments	2,154.77	1,222.92	308.23	151.26
Aggregate amount of impairment in value of Investments	-	-	-	-

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**(All Amount in ₹ in Lakhs unless otherwise stated)**

Note No. 10C

**Investments in Equity Shares of Listed Companies (Quoted) (Investments at fair value through OCI)**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
HDFC BANK LIMITED 30th September 2024: 3200 (31st March 2024: 3200, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	55.43	46.33	-	-
KOTAK MAHINDRA BANK LTD 30th September 2024: 1050 (31st March 2024: 1050, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 5 each fully paid	19.47	18.75	-	-
POLYCAB INDIA LIMITED 30th September 2024: 100 (31st March 2024: 100, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 10 each fully paid	6.96	5.07	-	-
AARTI INDUSTRIES LTD 30th September 2024: 3600 (31st March 2024: 1500, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 5 each fully paid	20.99	9.98	-	-
ALKYL AMINES CHEMICALS LIMITED 30th September 2024: 730 (31st March 2024: 630, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 2 each fully paid	16.74	11.43	-	-
CLEAN SCIENCE AND TECHNOLOGY 30th September 2024: 950 (31st March 2024: 950, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	14.98	12.63	-	-
FINE ORGANIC INDUSTRIES LTD 30th September 2024: 500 (31st March 2024: 500, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 5 each fully paid	26.22	20.17	-	-
PAUSHAK LIMITED 30th September 2024: 250 (31st March 2024: 220, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 10 each fully paid	13.42	11.22	-	-
PIDILITE INDUSTRIES LTD 30th September 2024: 630 (31st March 2024: 630, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	21.16	18.99	-	-
SRF LIMITED 30th September 2024: 450 (31st March 2024: 450, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 10 each fully paid	11.24	11.52	-	-
UPL LIMITED 30th September 2024: 3000 (31st March 2024: 3000, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 2 each fully paid	18.39	13.68	-	-
VINATI ORGANICS LIMITED 30th September 2024: 900 (31st March 2024: 900, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	18.78	13.24	-	-
AVENUE SUPERMARTS LTD DMART 30th September 2024: 200 (31st March 2024: 200, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 10 each fully paid	10.19	9.05	-	-
CAMPUS ACTIVEWEAR LIMITED 30th September 2024: 6300 (31st March 2024: 6300, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 5 each fully paid	21.41	13.51	-	-
GMM PFAUDLER LTD 30th September 2024: 1200 (31st March 2024: 1000, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 2 each fully paid	17.16	12.36	-	-
NIPPON INDIA ETF NIFTY 50 BEES 30th September 2024: 3000 (31st March 2024: 3000, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	8.65	7.41	-	-
AAVAS FINANCIERS LIMITED 30th September 2024: 900 (31st March 2024: 900, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 10 each fully paid	16.35	11.84	-	-
BAJAJ FINANCE LIMITED 30th September 2024: 290 (31st March 2024: 230, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 2 each fully paid	22.34	16.66	-	-
SBI CARDS AND PAYMENT SERV LTD 30th September 2024: 2600 (31st March 2024: 2250, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 10 each fully paid	20.12	15.36	-	-
HCL TECHNOLOGIES LIMITED 30th September 2024: 50 (31st March 2024: 50, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 2 each fully paid	0.90	0.77	-	-
INFOSYS LTD 30th September 2024: 500 (31st March 2024: 500, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 5 each fully paid	9.38	7.49	-	-
LTI MINDTREE LIMITED 30th September 2024: 50 (31st March 2024: 50, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	3.12	2.47	-	-
ASIAN PAINTS INDIA LTD 30th September 2024: 630 (31st March 2024: 630, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	20.96	17.93	-	-
BERGER PAINTS INDIA LTD 30th September 2024: 400 (31st March 2024: 400, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 1 each fully paid	2.49	2.29	-	-
DIVIS LABORATORIES LIMITED 30th September 2024: 450 (31st March 2024: 450, 31st March 2023: Nil, 1st April, 2022: Nil) Equity Shares of ₹ 2 each fully paid	24.49	15.51	-	-
<b>Total Investment in Equity Shares of Listed Companies (Quoted)</b>	<b>421.34</b>	<b>325.66</b>	-	-

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 10D**

**Investments in Mutual Funds (Unquoted) (Investments at fair value through OCI)**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Aditya Birla Sun Life Savings Fund - Growth 30th September 2024: 6123.249 (31st March, 2024:6123.249, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	31.67	30.51	-	-
ADITYA BIRLA SUN LIFE NIFTY SMALLCAP 50 INDEX FUND-NORMAL PLAN-IDCW 30th September 2024:161864.448 (31st March, 2024: Nil, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	35.61	-	-	-
Axis All Seasons Debt Fund ff Funds Regular Annual IDCW 30th September 2024:582700.6140 (31st March, 2024: 419515.406, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	74.86	51.17	-	-
Axis Small Cap Fund - Growth Plan 30th September 2024:72546.928 (31st March, 2024: 72546.928, 31st March, 2023: 8665.078, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	79.58	62.48	5.35	-
Franklin India Small Companies Fund Growth 30th September 2024:33736.293 (31st March, 2024: 33736.293, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	62.83	49.7	-	-
HDFC Flexicap Fund - Growth Option 30th September 2024:2650.347 (31st March, 2024: 2650.347, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	51.69	42.56	-	-
HDFC Floating Rate Debt Fund - Wholesale Option - Regular Plan - Growth 30th September 2024:246539.898 (31st March, 2024: 180600.433, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	115.86	81.42	-	-
HDFC Small Cap Fund - Regular Plan - Growth Plan 30th September 2024:92996.665 (31st March, 2024: 53134.833, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	131.95	62.52	-	-
HDFC BALANCE ADVANTAGE FUND - REGULAR PLAN - GROWTH 30th September 2024:9758.9610 (31st March, 2024: Nil, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	50.24	-	-	-
HDFC NIFTY50 EQUAL WEIGHT INDEX FUND - REGULAR PLAN - GROWTH 30th September 2024:577682.769 (31st March, 2024: Nil, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	106.32	-	-	-
HSBC Multi Cap Fund - Regular - Growth 30th September 2024:567493.681 (31st March, 2024: 265202.2, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	109.7	41.76	-	-
ICICI Prudential Balanced Advantage Fund- Regular Plan - Growth 30th September 2024:159182.484 (31st March, 2024: 145018.886, 31st March, 2023: 145018.886, 1st April, 2022: 50932.51) Units of ₹ 10 each fully paid	113.7	93.45	76.16	25.24
ICICI Prudential Bluechip Fund - Growth 30th September 2024:162212.913 (31st March, 2024: 110743.384, 31st March, 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	182.07	106.48	-	-
ICICI Prudential Equity and Debt Fund - Growth 30th September 2024:45542.09 (31st March, 2024: 25076.011, 31st March 2023: 10349.907, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	177.2	84.47	24.71	-
ICICI Prudential Liquid Fund - Growth 30th September 2024:60346.486 (31st March, 2024: 60346.486, 31st March 2023: 46425.384, 1st April, 2022: 40245.619) Units of ₹ 10 each fully paid	221.57	213.81	153.51	126.02
ICICI Prudential Smallcap Fund - Growth 30th September 2024:126379.052 (31st March, 2024: 126379.052, 31st March 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	117.03	94.14	-	-
ICICI PRUDENTIAL MULTI-ASSET FUND - GROWTH 30th September 2024:7030.463 (31st March, 2024: Nil, 31st March 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	51.36	-	-	-
LIC MF Large and Mid Cap Fund Growth 30th September 2024:350102.268 (31st March, 2024: 197769.324, 31st March 2023: 44094.756, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	141.73	61.87	10	-
Mirae Asset Large Cap Fund Growth Plan 30th September 2024:78393.625 (31st March, 2024: 47747.887, 31st March 2023: Nil, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	90.49	46.05	-	-
SBI Equity Hybrid Fund Regular Growth 30th September 2024:47160.746 (31st March, 2024: 27978.922, 31st March 2023: 19432.105, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	136.01	70.59	38.5	-
SBI PSU FUND - REGULAR PLAN - GROWTH 30th September 2024:64356.993 (31st March, 2024: Nil, 31st March 2023: 19432.105, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	21.84	-	-	-
EDELWEISS BALANCED ADVANTAGE FUND - GROWTH 30th September 2024:98207.6210 (31st March, 2024: Nil, 31st March 2023: 19432.105, 1st April, 2022: Nil) Units of ₹ 10 each fully paid	50.73	-	-	-
<b>Total Investments in Mutual Funds (Unquoted)</b>	<b>2,154.04</b>	<b>1,192.98</b>	<b>308.24</b>	<b>151.27</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 11 A**

**Loans - Non Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Unsecured, Considered Good</b>				
Loans to Employees	0.72	1.18	2.41	2.79
<b>Loans having Significant increase in Credit Risk</b>	-	-	-	-
<b>Credit Impaired</b>	-	-	-	-
<b>Total</b>	<b>0.72</b>	<b>1.18</b>	<b>2.41</b>	<b>2.79</b>

**Note No. 11 B**

**Loans - Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Unsecured, Considered Good</b>				
Loans to Related Parties	11.78	-	-	2.92
Loans to Employees	0.99	1.23	1.31	0.70
<b>Loans having Significant increase in Credit Risk</b>	-	-	-	-
<b>Credit Impaired</b>	-	-	-	-
<b>Total</b>	<b>12.77</b>	<b>1.23</b>	<b>1.31</b>	<b>3.62</b>

**Note No. 12 A**

**Other Financial Assets - Non Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Security Deposits for Right of Use Assets	19.73	11.92	10.86	-
Fixed Deposits with more than 12 month Maturity	1.94	1.94	-	2.81
<b>Total</b>	<b>21.67</b>	<b>13.86</b>	<b>10.86</b>	<b>2.81</b>
Fixed Deposits under lien/custody with Banks /Others	1.94	1.94	-	2.81

**Note No. 12 B**

**Other Financial Assets - Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Security Deposits	5.02	2.95	2.15	3.64
Contract Assets - Unbilled Revenue	29.96	20.61	12.19	8.40
Dividend Receivable	-	0.05	-	-
<b>Total</b>	<b>34.98</b>	<b>23.61</b>	<b>14.34</b>	<b>12.04</b>

**Note No. 13**

**Deferred Tax Assets (Net)**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Total Deferred Tax Asset	125.82	103.18	103.07	14.38
Total Deferred Tax Liability	146.97	33.45	13.02	4.08
<b>Net Deferred Tax Asset/(Liability)</b>	<b>(21.15)</b>	<b>69.73</b>	<b>90.05</b>	<b>10.30</b>

**Note No. 13 A**

**Movement in Deferred Tax Liabilities**

Particulars	Investment Property	Remeasurement of Defined Benefit Plan	Gain on Investments & FCTR
<b>As at 1st April, 2021</b>	-	-	<b>3.71</b>
Recognised in Profit & Loss	-	-	-
Recognised in Other Comprehensive Income	-	(0.36)	0.37
<b>As at 31st March 2022</b>	-	<b>(0.36)</b>	<b>4.08</b>
Recognised in Profit & Loss	6.15	-	-
Recognised in Other Comprehensive Income	-	(0.93)	2.79
<b>As at 31st March 2023</b>	<b>6.15</b>	<b>(1.29)</b>	<b>6.87</b>
Recognised in Profit & Loss	-	-	-
Recognised in Other Comprehensive Income	-	3.57	18.15
<b>As at 31st March 2024</b>	<b>6.15</b>	<b>2.28</b>	<b>25.02</b>
Recognised in Profit & Loss	(2.05)	-	-
Recognised in Other Comprehensive Income	-	-	34.01
<b>As at 30th September, 2024</b>	<b>4.10</b>	<b>2.28</b>	<b>59.03</b>



**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
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**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 13B**

**Movement in Deferred Tax Assets**

Particulars	Property, Plant & Equipment	Impairment Allowance & Others	Employee Benefits
<b>As at 1st April, 2021</b>	<b>0.32</b>	<b>-</b>	<b>10.46</b>
Recognised in Profit & Loss	1.47	1.08	0.69
Recognised in Other Comprehensive Income	-	-	-
<b>As at 31st March 2022</b>	<b>1.79</b>	<b>1.08</b>	<b>11.15</b>
Recognised in Profit & Loss	7.71	73.44	6.61
Recognised in Other Comprehensive Income	-	-	-
<b>As at 31st March 2023</b>	<b>9.50</b>	<b>74.52</b>	<b>17.76</b>
Recognised in Profit & Loss	(0.67)	(1.09)	3.16
Recognised in Other Comprehensive Income	-	-	-
<b>As at 31st March 2024</b>	<b>8.83</b>	<b>73.43</b>	<b>20.92</b>
Recognised in Profit & Loss	(90.39)	29.90	1.57
Recognised in Other Comprehensive Income	-	-	-
<b>As at 30th September, 2024</b>	<b>(81.56)</b>	<b>103.33</b>	<b>22.49</b>

**Note No. 14**

**Trade Receivables - Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
(a) Trade Receivables considered good - Secured	-	-	-	-
(b) Trade Receivables considered good - Unsecured	1,041.97	1,116.28	685.57	180.25
(c) Trade Receivables which have significant increase in Credit Risk	7.79	0.05	-	-
(d) Trade Receivables - credit impaired	-	-	-	-
<b>Gross Trade Receivables</b>	<b>1,049.76</b>	<b>1,116.33</b>	<b>685.57</b>	<b>180.25</b>
<b>Less: Allowance for Doubtful Receivables</b>				
(a) Trade Receivables which have significant increase in Credit Risk	7.79	0.05	-	-
(b) Trade Receivables - Credit Impaired	-	-	-	-
(c) Expected Credit Loss Allowance	38.80	18.69	7.15	4.30
<b>Total Allowance for Doubtful Receivables</b>	<b>46.59</b>	<b>18.74</b>	<b>7.15</b>	<b>4.30</b>
<b>Total</b>	<b>1,003.17</b>	<b>1,097.59</b>	<b>678.42</b>	<b>175.95</b>

**Movement in impairment allowance – Trade Receivables**

Reconciliation of Loss Allowance	Loss allowance
<b>Impairment Loss allowance on 1st April, 2021</b>	<b>-</b>
Expected credit loss (ECL) Recognized/ (Reversal)	4.30
<b>Impairment Loss allowance on 31st March, 2022</b>	<b>4.30</b>
Expected credit loss (ECL) Recognized/ (Reversal)	2.85
<b>Impairment Loss allowance on 31st March, 2023</b>	<b>7.15</b>
Expected credit loss (ECL) Recognized/ (Reversal)	11.54
<b>Impairment Loss allowance on 31st March, 2024</b>	<b>18.69</b>
Expected credit loss (ECL) Recognized/ (Reversal)	20.11
<b>Impairment Loss allowance on 30th September, 2024</b>	<b>38.80</b>

No trade or other receivable are due from directors or officers of Group either severally or jointly with other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade Receivables Ageing Schedule for 30th September 2024, 31st March 2024, 31st March 2023 & 31st March 2022, Refer Note No. 39

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 15**

**Cash and Cash Equivalents**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Balances with banks</b>				
Current Accounts	338.28	702.22	567.50	239.88
Fixed Deposits with less than 3 Month Maturity	45.55	0.90	4.75	-
Cash in hand	16.55	5.86	6.88	0.44
<b>Total</b>	<b>400.38</b>	<b>708.98</b>	<b>579.13</b>	<b>240.32</b>

**Note No. 16**

**Bank Balances other than Cash and Cash Equivalents**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Fixed Deposits with original maturity of more than 3 months but less than 12 months	205.35	3.80	-	-
Interest Accrued on Fixed Deposits	1.75	1.48	0.38	-
<b>Total</b>	<b>207.10</b>	<b>5.28</b>	<b>0.38</b>	<b>-</b>

**Note No. 17**

**Income Tax Assets (Net)**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Income Tax Refundable (Net of provision for taxation)	13.77	6.74	-	14.70
<b>Total</b>	<b>13.77</b>	<b>6.74</b>	<b>-</b>	<b>14.70</b>

**Note No. 18**

**Other Current Assets**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Balance Recoverable from Government	16.44	15.09	13.83	3.13
GST Recoverable	29.82	3.66	29.61	2.94
Earnest Money Deposits	10.59	10.88	10.22	10.07
Prepaid expenses	14.10	9.09	-	-
Advances Recoverable from Others	-	-	0.08	-
Advances to Suppliers	28.55	4.15	-	3.49
Advances Recoverable from Employees	11.33	5.98	1.50	4.95
<b>Total</b>	<b>110.83</b>	<b>48.85</b>	<b>55.24</b>	<b>24.58</b>

EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)  
Notes to Restated Consolidated Financial Information  
(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 19**

**Share Capital**

Particulars	As at 30th September, 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Authorised Share Capital</b>				
30th September 2024, 4,00,00,000 (31st March 2024 2,00,00,000 ,31st March 2023 & 31st March 2022 1,80,000) Equity Shares of Rs. 10/- each	4,000.00	2,000.00	18.00	18.00
<b>Total Authorised Share Capital</b>	<b>4,000.00</b>	<b>2,000.00</b>	<b>18.00</b>	<b>18.00</b>
<b>Issued, subscribed and fully paid-up shares</b>				
30th September 2024, 2,38,49,998 (31st March 2024 95,40,000 ,31st March 2023 & 31st March 2022 30,000) Equity Shares of Rs. 10/- each fully paid up	2,385.00	954.00	3.00	3.00
<b>Total subscribed and fully paid up Share Capital</b>	<b>2,385.00</b>	<b>954.00</b>	<b>3.00</b>	<b>3.00</b>

**b) Reconciliation of the shares outstanding at the beginning and at the end of reporting period:**

Particulars	30th September, 2024		As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>								
At the commencement of the year	95,40,000	954	30,000	3.00	30,000	3.00	30,000	3.00
Add: Bonus Shares issued during the year	1,43,09,998	1,431.00	95,10,000	951.00	-	-	-	-
<b>At the end of the year</b>	<b>2,38,49,998</b>	<b>2,385</b>	<b>95,40,000</b>	<b>954.00</b>	<b>30,000</b>	<b>3.00</b>	<b>30,000</b>	<b>3.00</b>

**c) Terms, rights, preferences and restrictions attached to equity shares**

The Company has issued one class of Equity Shares having face value of ` 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

**d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Equity shares	As at 30th September, 2024		As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Kaviraj Singh	1,84,95,637	77.55	75,41,370	79.05	20,000	66.67	10,000	33.34
Sanjeev Kumar	-	-	-	-	-	-	10,000	33.33
Ashok Gautam	40,54,500	17.00	16,21,800	17.00	10,000	33.33	10,000	33.33

**e) Shares held by promoters :**

Promoter Name	As at 30th September, 2024		As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Kaviraj Singh	1,84,95,637	77.55	75,41,370	79.05	20,000	66.67	10,000	33.34
Ashok Gautam	40,54,500	17.00	16,21,800	17.00	10,000	33.33	10,000	33.33

**f) Changes in Shareholding of promoters :**

Promoter Name	As at 30th September, 2024		As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	% of Change in Promoter Shareholding		% of Change in Promoter		% of Change in Promoter Shareholding		% of Change in Promoter Shareholding	
Kaviraj Singh	(1.50)		12.38		33.34		-	
Sanjeev Kumar	-		-		(33.34)		-	
Ashok Gautam	-		(16.33)		-		-	

**g)** There were no buy back of shares, or issue of shares pursuant to contract without payment being received in cash during the previous 5 years.

**h)** The Company has issued 1,43,09,998 Bonus Shares of ` 10 Face Value to the eligible Share Holders during the period 30th September 2024 (95,10,000 Bonus Shares of ` 10 Face Value were issued during the FY 2023-24).

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 20**

**Other Equity**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Retained Earnings	1,204.31	2,103.69	1,205.42	361.67
Equity Instruments through Other Comprehensive Income	366.95	105.22	37.92	27.86
Reserve for Share Based Payments	4.38	0.02	-	-
Foreign Currency Transition Reserve (FCTR)	(3.24)	(9.66)	(9.99)	(0.31)
Non Controlling Interest (NCI)	(3.90)	-	25.67	-
<b>Total</b>	<b>1,568.50</b>	<b>2,199.27</b>	<b>1,259.02</b>	<b>389.22</b>

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Retained Earnings</b>				
<b>Opening Balance</b>	<b>2,103.69</b>	<b>1,205.42</b>	<b>361.67</b>	<b>239.48</b>
Changes due to Prior Period Errors/ adoption of Ind AS	-	(1.62)	(5.35)	(4.95)
<b>Restated Opening Balance at the beginning of the year</b>	<b>2,103.69</b>	<b>1,203.80</b>	<b>356.32</b>	<b>234.53</b>
Add: Profit during the year	546.62	1,925.24	1,070.73	128.20
Add/ (Less): Fee paid for Increase of Authorised Share Capital	(15.00)	(16.13)	-	-
Add/ (Less): Dividend Paid	-	(87.09)	(216.65)	-
Add/ (Less): Utilized towards issue of Bonus Shares	(1,431.00)	(951.00)	-	-
Add/ (Less): Transfer on Acquisition of NCI	-	11.21	-	-
Add/ (Less): Remeasurement of Defined Benefit Obligations	-	17.66	(4.98)	(1.06)
<b>Balance at the end of the year</b>	<b>1,204.31</b>	<b>2,103.69</b>	<b>1,205.42</b>	<b>361.67</b>

Equity Instruments through Other Comprehensive Income	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Balance as at the beginning of the year	105.22	37.92	27.86	12.49
Add/ (Less): Total Comprehensive Income for the current year on Listed Equity Shares	70.73	(14.60)	-	-
Add/ (Less): Total Comprehensive Income for the current year on Mutual Funds	252.05	102.95	13.02	15.10
Add/ (Less): Total Comprehensive Income for the current year on unlisted Equity Shares	(29.20)	-	-	-
Income Tax Effect on Above	(31.85)	(21.05)	(2.96)	0.27
<b>Balance at the end of the year</b>	<b>366.95</b>	<b>105.22</b>	<b>37.92</b>	<b>27.86</b>

Reserve for Share Based Payments	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Balance as at the beginning of the year	0.02	-	-	-
Add/ (Less): Employee Stock Compensation Cost for the year	4.36	0.02	-	-
<b>Balance at the end of the year</b>	<b>4.38</b>	<b>0.02</b>	<b>-</b>	<b>-</b>

Foreign Currency Transition Reserve (FCTR)	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Balance as at the beginning of the year	(9.66)	(9.99)	(0.31)	-
Foreign Currency Transition on Consolidation of Subsidiary	6.42	0.33	(9.68)	(0.31)
<b>Balance at the end of the year</b>	<b>(3.24)</b>	<b>(9.66)</b>	<b>(9.99)</b>	<b>(0.31)</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

<b>Non Controlling Interest (NCI)</b>	<b>As at 30th September 2024</b>	<b>As at 31st March 2024</b>	<b>As at 31st March 2023</b>	<b>As at 31st March 2022</b>
Balance as at the beginning of the year	-	25.67	-	-
Acquisition of NCI	0.04	-	22.82	-
Profit/(Loss) attributable to NCI	(3.94)	8.36	2.85	-
Add/ (Less): Transfer on Acquisition of NCI	-	(34.03)	-	-
<b>Balance at the end of the year</b>	<b>(3.90)</b>	<b>-</b>	<b>25.67</b>	<b>-</b>

**Retained Earnings**

Retained Earnings include all current and prior period retained profits. Retained earnings are the profits that the Group has earned till date less any dividends or other distributions to shareholders of the Group.

**Reserve for Share Based Payments**

Fair value of equity-settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to Reserve for Share based Payments. For Details Refer Note No 44.

**Equity Instruments through Other Comprehensive Income**

Other Components of Equity includes Other Comprehensive Income arising due to investments valued at fair value through Other Comprehensive Income.

**Foreign Currency Transition Reserve (FCTR)**

This reserve contains accumulated balance of foreign exchange differences from translation of the financial statements of the group's foreign operations arising at the time of consolidation of such entities. Such foreign exchange differences are recognised in OCI. Exchange differences previously recognised in the reserve are reclassified to the profit & Loss on disposal of foreign operations.

**Non Controlling Interest (NCI)**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 21 A**

**Borrowings - Non Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Secured- at amortised cost</b>				
<b>Term Loan</b>				
- from banks against Freehold Offices	-	-	51.56	83.50
- from banks for Vehicles	-	-	-	16.28
<b>Total</b>	-	-	<b>51.56</b>	<b>99.78</b>

**Note No. 21 B**

**Borrowings - Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Secured- at amortised cost</b>				
<b>Term Loan</b>				
- from banks against Freehold Offices	-	-	-	-
- from banks for Vehicles	-	-	-	-
<b>Unsecured</b>				
Loan from Director (interest Free)	-	-	2.00	2.00
Loan from Others (interest Free)	9.01	-	-	-
<b>Total</b>	<b>9.01</b>	-	<b>2.00</b>	<b>2.00</b>

**Note No. 21 C**

The Vehicle Loan is secured by way of Hypothecation of respective Vehicle.
Loan Against Free Hold office is secured by equitable mortgage of the premises.
The Group has not defaulted on any loans/deposits payable during the year and has satisfied all debt covenants prescribed by lenders.

**Note No. 22**

**Lease Liabilities**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Non Current Lease Liabilities	335.46	255.49	272.96	-
Current Lease Liabilities	36.36	17.48	15.95	-
<b>Total</b>	<b>371.82</b>	<b>272.97</b>	<b>288.91</b>	-

**Note No. 23 A**

**Provisions - Non Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Employee benefits</b>				
Compensated Absences	22.26	22.26	13.75	5.62
Gratuity	58.18	58.18	54.46	37.28
<b>Total</b>	<b>80.44</b>	<b>80.44</b>	<b>68.21</b>	<b>42.90</b>

**Note No. 23 B**

**Provisions - Current**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Employee benefits</b>				
Compensated Absences	5.67	1.17	0.66	0.21
Gratuity	3.26	1.57	1.78	1.27
<b>Others</b>				
Compounding Fee	18.00	-	-	-
<b>Total</b>	<b>26.93</b>	<b>2.74</b>	<b>2.44</b>	<b>1.48</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Movement of Provisions (Current and Non Current):**

Particulars	Compensated Absences	Gratuity
<b>As at 131st March 2022</b>	<b>5.83</b>	<b>38.55</b>
Credited during the year	8.58	17.69
Paid during the year	-	-
<b>As at 31st March 2023</b>	<b>14.41</b>	<b>56.24</b>
Credited during the year	9.09	3.51
Paid during the year	(0.07)	-
<b>As at 31st March 2024</b>	<b>23.43</b>	<b>59.75</b>
Credited during the year	4.50	1.69
Paid during the year	-	-
<b>As at 30th September, 2024</b>	<b>27.93</b>	<b>61.44</b>

**Provision for Compensated Absences (Unfunded):**

Compensated Absences to an extent is a terminal employee benefit, which covers The Holding Company's liability towards earned leaves of employees of the Company.

**Provision for Gratuity (Unfunded):**

The Holding Company provides gratuity for employees in India as per the Payment of Gratuity Act 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity.

Refer Note No . 41 for Disclosure related to Ind AS 19 "Employee Benefits")

**Note No. 24**

**Trade Payables**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Total outstanding dues of micro and small enterprises*	-	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	54.81	53.40	82.61	148.77
<b>Total</b>	<b>54.81</b>	<b>53.40</b>	<b>82.61</b>	<b>148.77</b>

Trade Creditors Ageing Schedule for 30th September 2024, 31st March 2024, 31st March 2023 & 31st March 2022, Refer Note No. 40

**\* Disclosure pursuant to Section 22 of The Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act)**

Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received from respective parties. The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
a. Amount payable to Suppliers under MSMED (Suppliers)				
Principal	-	-	-	-
Interest due thereon	-	-	-	-
b. Payment made to suppliers beyond the appointed day during the year				
Principal	-	-	-	-
Interest due thereon	-	-	-	-
c. Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding the interest under MSMED	-	-	-	-
d. Amount of interest accrued and remaining unpaid	-	-	-	-
e. Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	-	-	-
f. Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-	-

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 25**

**Other Current Financial Liabilities:**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Current Maturities of Long Term Debts</b>		-	-	-
From Banks	-	-	10.67	-
<b>Total</b>	-	-	<b>10.67</b>	-

Refer Note No. 21C for Security of Term Loans

**Note No. 26**

**Other Current Liabilities:**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Income Received in Advance - Contract Liabilities	55.06	91.37	85.75	59.78
Security Deposits Received	2.82	1.82	1.99	-
Employee Benefits Payable	58.97	55.08	43.38	21.08
Directors Remuneration Payable	9.35	7.41	70.22	10.52
Advance Received from Customer	34.35	37.81	28.26	2.53
Employee Reimbursement Payable	1.17	4.14	6.73	5.81
Statutory Dues Payable	34.57	36.36	73.66	17.07
Other Payables	-	24.81	-	2.00
Expenses Payable	16.34	13.62	2.22	-
<b>Total</b>	<b>212.63</b>	<b>272.42</b>	<b>312.21</b>	<b>118.79</b>

**Note No. 27**

**Current Tax Liability ( Net):**

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Current Tax Payable for the year	298.04	692.70	361.23	27.00
Less: Adjustment with Advance Tax & TDS	151.08	610.00	240.30	27.00
<b>Total</b>	<b>146.96</b>	<b>82.70</b>	<b>120.93</b>	-



**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
**Notes to Restated Consolidated Financial Information**  
**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 28**

**Revenue From Operations**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Sale of Services</b>				
Service Income - Certification & Advisory	2,189.13	4,679.34	3,239.29	1,011.17
<b>Total</b>	<b>2,189.13</b>	<b>4,679.34</b>	<b>3,239.29</b>	<b>1,011.17</b>

**Note No. 28 A**

**Disclosures as required under Ind-AS 115" Revenue from contracts with customer":**

**(a) Disaggregation of Revenue:**

The Group's business activities predominantly relate to Validating, Verifying and Certifying carbon offsets and advisory on Environmental, Social, Governance & Decarbonization to clients in India and abroad. The same is only segment of the Group.

**Timing of transfer of services**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
- Over the Time	2,189.13	4,679.34	3,239.29	1,011.17
- Point in time	-	-	-	-
<b>Total</b>	<b>2,189.13</b>	<b>4,679.34</b>	<b>3,239.29</b>	<b>1,011.17</b>

**Geographical Market**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Gross revenue recognized during the year (Refer Note No 28A (c )</b>				
- India	508.02	692.62	663.34	488.82
- Outside India	1,635.63	3,989.96	2,598.12	573.73
<b>Total</b>	<b>2,143.65</b>	<b>4,682.58</b>	<b>3,261.46</b>	<b>1,062.55</b>

**(b) Remaining performance obligations to be executed :**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Service Income - Certification &amp; Advisory</b>	455.70	470.60	447.52	242.75
<b>Total</b>	<b>455.70</b>	<b>470.60</b>	<b>447.52</b>	<b>242.75</b>

**(c ) Reconciliation of revenue recognized with Contract Price:**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Gross revenue recognized during the year</b>	<b>2,143.66</b>	<b>4,682.58</b>	<b>3,261.46</b>	<b>1,062.55</b>
Add/ (Less): Variable Consideration in the Contract with customers	-	(6.04)	-	-
Add/ (Less): Advance billed to Customer	36.30	(5.61)	(25.96)	(59.78)
Add/ (Less): Unbilled Revenue	9.18	8.41	3.79	8.40
<b>Total</b>	<b>2,189.13</b>	<b>4,679.34</b>	<b>3,239.29</b>	<b>1,011.17</b>

No single Customer Contributed 10% or more to the Group's revenue for the year ended 30th September 2024, 31st March 2024, 31st March 2023 & 31st March 2022.

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
**Notes to Restated Consolidated Financial Information**  
**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Contract Balances**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Contract Assets</b>				
- Unbilled Revenue	29.96	20.61	12.19	8.40
<b>Contract Liabilities</b>				
Advance received from Customers	55.06	91.37	85.75	59.78

**Note No. 29**

**Other Income**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Interest income on financial assets at amortised cost</b>				
- On deposits with banks	0.34	1.55	-	-
Interest Income from financial assets carried at Fair Value	0.94	1.35	0.43	0.26
Miscellaneous Income	0.51	12.70	11.39	-
Interest on Income Tax Refund	-	-	0.64	1.24
Profit on Sale of Investments	-	11.70	2.02	-
Dividend Income from Current Investments	0.60	1.22	-	-
Rental Income	5.97	9.85	0.90	-
<b>Total</b>	<b>8.35</b>	<b>38.37</b>	<b>15.38</b>	<b>1.50</b>

**Note No. 30**

**Employee Benefits Expense**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Salary and Bonus	438.62	616.45	375.21	204.02
Contribution to provident and other funds	24.56	110.54	69.15	20.11
Share Based Payments #	4.36	0.02	-	-
Directors Remuneration ##	138.71	275.38	387.98	137.95
Compensated Absences Expense	4.50	9.09	8.59	0.11
Gratuity Expenses	1.69	17.70	14.00	2.73
Staff welfare expenses	17.10	19.48	18.39	9.07
<b>Total</b>	<b>629.54</b>	<b>1,048.66</b>	<b>873.32</b>	<b>373.99</b>

# For Share Based Payments Refer Note No. 44

## For Related Party Disclosure Refer Note No. 42

**Note No.31**

**Finance Costs**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Interest expense on Financial Liabilities at amortised cost	16.94	26.34	2.26	-
Interest expenses on Term Loan	-	1.62	6.98	12.34
Interest on Income Tax	0.05	27.51	-	-
<b>Total</b>	<b>16.99</b>	<b>55.47</b>	<b>9.24</b>	<b>12.34</b>

**Note No. 32**

**Depreciation and Amortisation Expense**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Depreciation of Property, Plant and Equipment	10.02	18.45	31.67	31.50
Depreciation of Investment Property	2.63	5.52	0.48	-
Depreciation of Right of Use Assets	26.50	33.35	2.78	-
Amortization of Other Intangible Assets	-	-	2.56	4.85
<b>Total</b>	<b>39.15</b>	<b>57.32</b>	<b>37.49</b>	<b>36.35</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
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**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 33**

**Other Expenses**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Business Promotion & Marketing	45.69	73.97	149.32	99.64
Accounting Fees	6.91	12.31	7.57	-
Insurance Expense	9.87	10.61	8.79	3.75
Auditors Remuneration	1.88	3.51	0.50	-
Legal Fee	1.25	2.78	4.19	-
Office Expenses	15.43	12.62	38.37	18.58
Repair and Maintenance	7.26	13.88	1.91	6.85
Fees & Subscription	21.87	44.74	2.85	12.39
Bank Charges	1.43	10.15	2.17	0.42
Miscellaneous Expenses	26.91	2.90	10.18	4.01
Communication Expenses	1.11	1.86	-	0.71
Office Consumables/Maintenance	0.30	1.44	25.89	1.67
Professional Charges	279.69	348.13	473.22	199.91
Travelling & Conveyance Expenses	167.19	210.63	197.29	65.55
Rent Expenses	6.80	9.63	11.30	2.28
Website Development Expenses	0.36	6.88	-	-
Electricity & Water Expenses	0.77	1.82	-	0.62
Bad Debts	27.35	0.05	3.34	5.09
Provision For Doubtful Debts	7.79	-	-	-
Expected Credit Loss	20.01	11.54	2.84	4.30
Foreign Exchange Fluctuation (Net)	17.86	72.22	32.67	10.10
Recruitment Services	0.63	0.60	0.33	-
Stipend	0.70	2.55	2.40	1.23
Rates & Taxes	0.52	11.17	-	0.01
Assets Written off	-	1.56	-	-
STT Paid on Shares	0.08	0.33	-	-
Corporate Social Responsibility (CSR) Expenses #	-	8.75	-	-
Depository Charges	0.89	-	-	-
Seminar & Training Expenses	32.87	62.99	11.81	-
<b>Total</b>	<b>703.42</b>	<b>939.62</b>	<b>986.94</b>	<b>437.11</b>

**# Disclosure related to Corporate Social Responsibility (CSR) Expenses**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>(i) Gross amount required to be spent by the Holding Company during the year as per provisions of section 135 of the Companies Act, 2013 i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.</b>	23.7	8.75	-	-
<b>(ii) Gross amount spent by the Holding Company during the year</b>				
i. Construction/Acquisition of assets	-	8.75	-	-
ii. On purpose other than (i) above	-	-	-	-
<b>Total</b>	-	<b>8.75</b>	-	-
<b>(iii) Shortfall/(Excess) for the year (i-ii)</b>		-	-	-
<b>(iv) Total of previous years shortfall</b>		-	-	-
<b>(v) Previous years shortfall spent during the year</b>		-	-	-
<b>(vi) Reason for shortfall</b>	N.A	N.A	N.A	N.A
<b>(vii) Nature of CSR Activities</b>	N.A	Promoting Education	N.A	N.A
<b>(viii) CSR Activities with Related Parties</b>		-	-	-
<b>(ix) Movement of CSR Provision :</b>				
<b>Opening Provision</b>	-	-	-	-
Created during the year	-	8.75	-	-
Utilized during the Year	-	8.75	-	-
<b>Closing Provision</b>	-	-	-	-

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
**Notes to Restated Consolidated Financial Information**  
**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 34**

**Income Tax Expense**

**Amounts recognised in Statement of Profit and Loss**

The major components of Income Tax Expense are

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Current tax</b>				
Current year	215.82	683.91	337.21	27.95
Adjustment for prior years	(7.00)	0.52	18.49	-
<b>Net Income Tax</b>	<b>208.82</b>	<b>684.43</b>	<b>355.70</b>	<b>27.95</b>
<b>Deferred tax</b>				
Origination and reversal of temporary differences	56.88	(1.39)	(81.60)	(3.27)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>265.70</b>	<b>683.04</b>	<b>274.10</b>	<b>24.68</b>

**Amounts recognised in Other Comprehensive Income**

The major components of income tax expense are:

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Income Tax</b>				
Remeasurement of Defined Benefit Plan (Loss)/ Gain	-	3.47	(1.29)	0.36
Net (loss)/gain on FVTOCI on Securities	31.85	18.08	(0.47)	0.27
Foreign Currency Transition Reserve (FCTR)	(2.16)	0.07	3.26	0.11
<b>Income Tax charges to Other Comprehensive Expense/ (Income)</b>	<b>29.69</b>	<b>21.62</b>	<b>1.50</b>	<b>0.74</b>

**Reconciliation of Effective Tax Rate**

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended 30th September 2024, 31st March 2024 and 31st March 2023

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Profit Before Tax</b>	808.38	2,616.64	1,347.68	152.88
<b>Enacted tax rates in India</b>	25.168%	26.168%	26.168%	26.168%
Tax using the Company's domestic tax rate	203.45	684.72	352.66	40.01
Tax effect of:				
Adjustment under Income tax act for Allowances/ (Disallowances) (Net)	11.32	(77.11)	(76.06)	(12.06)
Total Tax on Business Income	214.77	607.61	276.60	27.95
Tax on Rental Income (Net of Deductions)	1.05	1.80	-	-
Tax on Capital Gains	-	0.59	-	-
Tax in Foreign Territory	-	73.91	60.61	-
<b>Total Tax</b>	<b>215.82</b>	<b>683.91</b>	<b>337.21</b>	<b>27.95</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
**Notes to Restated Consolidated Financial Information**  
**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 35**

**Other Comprehensive Income**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to Profit or Loss</b>				
Remeasurement of Defined Benefit Plan (Loss)/ Gain	-	14.19	(3.70)	(1.42)
Net (loss)/gain on FVTOCI on Securities	293.57	88.35	12.97	15.10
Income tax effect on above	31.85	21.55	1.76	0.63
<b>Total</b>	<b>261.72</b>	<b>80.99</b>	<b>11.03</b>	<b>14.31</b>
<b>Other Comprehensive Income for items to be reclassified to Profit and Loss for the year, net of tax</b>				
Items that will be reclassified to profit or loss	8.58	(0.27)	(12.94)	(0.42)
Income tax effect on above	(2.16)	0.07	3.26	0.11
<b>Total</b>	<b>6.42</b>	<b>(0.20)</b>	<b>(9.68)</b>	<b>(0.31)</b>
<b>Other Comprehensive Income for the year, net of tax for items not to be reclassified to profit and loss for the year, net of tax</b>	<b>268.14</b>	<b>80.79</b>	<b>1.35</b>	<b>14.00</b>

**Note No.36**

**Earnings Per Share (EPS)**

**Basic and Diluted Earnings per Share**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Profit/ (loss) after tax attributable to equity shareholders (₹. In Lakh)	542.68	1,933.60	1,073.58	128.20
<b>Basic Earnings Per Share (₹)</b>	<b>2.28</b>	<b>8.11</b>	<b>4.50</b>	<b>0.54</b>
<b>Diluted Earnings Per Share (₹)</b>	<b>2.25</b>	<b>8.11</b>	<b>4.50</b>	<b>0.54</b>

**Note -36 A**

Weighted Average Number Of Equity Shares Used As Denominator	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
<b>No. of Equity shares at the beginning of the year</b>	<b>95,40,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
Add: Bonus Share Issued #	-	95,10,000	95,10,000	95,10,000
Add: Bonus Share Issued ##	1,43,09,998	1,43,09,998	1,43,09,998	1,43,09,998
<b>Weighted average number of Equity shares for Basic EPS</b>	<b>2,38,49,998</b>	<b>2,38,49,998</b>	<b>2,38,49,998</b>	<b>2,38,49,998</b>
Add: Adjustment for Employee Stock options	2,62,183	287	-	-
<b>Weighted average number of equity shares for Diluted EPS</b>	<b>2,41,12,181</b>	<b>2,38,50,285</b>	<b>2,38,49,998</b>	<b>2,38,49,998</b>
<b>Face Value per Equity Share (₹)</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

# 9510000 equity shares of ₹ 10/- each were issued as fully paid Bonus Shares with right pari passu with existing equity share during the year 2023-24 as approved by Shareholders of the Holding company by passing an Special Resolution in Extra Ordinary General Meeting held on 8th January, 2024. As per para 26 of Ind AS on Earning per Share (Ind AS-33), Per Share calculation for the current year & previous year and preceding previous year are based on new number of equity shares.

## 14309998 equity shares of ₹ 10/- each were issued as fully paid Bonus Shares with right pari passu with existing equity share as approved by Shareholders of the Holding company by passing an Special Resolution in Extra Ordinary General Meeting held on 9th July, 2024. As per para 26 of Ind AS on Earning per Share (Ind AS-33), Per Share calculation for the current year & previous year and preceding previous year are based on new number of equity shares.

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
**Notes to Restated Consolidated Financial Information**  
**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 37**

**Contingent Liabilities, Contingent Assets And Commitments**  
**(to The Extent Not Provided For)**

**Contingent Liabilities**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Expected Penalty for Compounding against FEMA Contravention for non-reporting of Investment in Foreign Subsidiaries	-	1.20	NIL	NIL

**Commitments**

**Capital commitments:** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. NIL (31st March 2024: ` . NIL, 31st March 2023: ` . NIL and 31st March 2022: ` . NIL).

**Guarantees**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Performance Bank Guarantee	1.94	1.94	1.94	1.94

**Note No. 38**

**Disclosure as per Indian Accounting Standard (Ind AS) 108 "Operating Segments"**

The Group's business activities predominantly relate to Validating, Verifying and Certifying carbon offsets and advisory on Environmental, Social, Governance & Decarbonization to clients in India and abroad. The same is only segment of the Group.

The operations of the Group are carried out globally, therefore, geographical segments is secondary segment of the Group. Disclosure for Geographical Segment is given below:

**Geographical Information**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March 2024	Year Ended 31st March 2023	Year Ended 31st March 2022
Gross revenue recognized during the year (Refer Note No 28A (c )				
- India	508.02	692.62	663.34	488.82
- Outside India	1,635.63	3,989.96	2,598.12	573.73
<b>Total</b>	<b>2,143.65</b>	<b>4,682.58</b>	<b>3,261.46</b>	<b>1,062.55</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 39**

**Trade Receivable Ageing Schedule**

**As at 30th September, 2024**

S. No.	Particulars	Not Due	Less Than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
1	Undisputed - Trade receivables - considered good	232.46	590.13	100.44	111.40	7.54	-	1,041.97
2	Undisputed - Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	7.79	7.79
3	Undisputed - Trade Receivables- credit impaired	-	-	-	-	-	-	-
4	Disputed Trade Receivables- considered good	-	-	-	-	-	-	-
5	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
6	Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	<b>Total</b>	<b>232.46</b>	<b>590.13</b>	<b>100.44</b>	<b>111.40</b>	<b>7.54</b>	<b>7.79</b>	<b>1,049.76</b>
	Less: Allowance for Trade Receivables which have significant increase in Credit Risk	-	-	-	-	-	7.79	7.79
	Less: Allowance for Expected Credit Loss Allowance	-	-	-	-	-	-	38.80
	<b>Total</b>	<b>232.45</b>	<b>590.12</b>	<b>100.43</b>	<b>111.39</b>	<b>7.53</b>	<b>-</b>	<b>1,003.17</b>

**As at 31st March 2024**

S. No.	Particulars	Not Due	Less Than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
1	Undisputed - Trade receivables - considered good	496.73	440.86	151.05	13.64	8.58	5.42	1,116.28
2	Undisputed - Trade Receivables - which have significant increase in credit risk	-	-	-	0.05	-	-	0.05
3	Undisputed - Trade Receivables- credit impaired	-	-	-	-	-	-	-
4	Disputed Trade Receivables- considered good	-	-	-	-	-	-	-
5	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
6	Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	<b>Total</b>	<b>496.73</b>	<b>440.86</b>	<b>151.05</b>	<b>13.69</b>	<b>8.58</b>	<b>5.42</b>	<b>1,116.33</b>
	Less: Allowance for Trade Receivables which have significant increase in Credit Risk	-	-	-	0.05	-	-	0.05
	Less: Allowance for Expected Credit Loss Allowance	-	-	-	-	-	-	18.69
	<b>Total</b>	<b>496.73</b>	<b>440.86</b>	<b>151.05</b>	<b>13.64</b>	<b>8.58</b>	<b>5.42</b>	<b>1,097.59</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**As at 31st March 2023**

S. No.	Particulars	Not Due	Less Than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
1	Undisputed - Trade receivables - considered good	479.16	178.45	10.28	9.95	5.85	1.88	685.57
2	Undisputed - Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
3	Undisputed - Trade Receivables- credit impaired	-	-	-	-	-	-	-
4	Disputed Trade Receivables- considered good	-	-	-	-	-	-	-
5	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
6	Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	<b>Total</b>	<b>479.16</b>	<b>178.45</b>	<b>10.28</b>	<b>9.95</b>	<b>5.85</b>	<b>1.88</b>	<b>685.57</b>
	Less: Allowance for Trade Receivables which have significant increase in Credit Risk	-	-	-	-	-	-	-
	Less: Allowance for Expected Credit Loss Allowance	-	-	-	-	-	-	7.15
	<b>Total</b>							<b>678.42</b>

**As at 31st March 2022**

S. No.	Particulars	Not Due	Less Than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
1	Undisputed - Trade receivables - considered good	77.01	87.62	4.80	8.22	2.60	-	180.25
2	Undisputed - Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
3	Undisputed - Trade Receivables- credit impaired	-	-	-	-	-	-	-
4	Disputed Trade Receivables- considered good	-	-	-	-	-	-	-
5	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
6	Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	<b>Total</b>	<b>77.01</b>	<b>87.62</b>	<b>4.80</b>	<b>8.22</b>	<b>2.60</b>	<b>-</b>	<b>180.25</b>
	Less: Allowance for Trade Receivables which have significant increase in Credit Risk	-	-	-	-	-	-	-
	Less: Allowance for Expected Credit Loss Allowance	-	-	-	-	-	-	4.30
	<b>Total</b>							<b>175.95</b>



**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 40**

**Trade Payable Ageing Schedule**

**As at 30th September, 2024**

S. No.	Particulars	Not Due	Less Than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
1	MSME						
2	Others	32.35	20.35	0.65	0.68	0.78	54.81
3	Disputed dues – MSME						-
4	Disputed dues – Others						-
	<b>Total</b>	<b>32.35</b>	<b>20.35</b>	<b>0.65</b>	<b>0.68</b>	<b>0.78</b>	<b>54.81</b>

**As at 31st March 2024**

S. No.	Particulars	Not Due	Less Than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
1	MSME	-	-	-	-	-	-
2	Others	6.10	45.32	1.20	0.78	-	53.40
3	Disputed dues – MSME	-	-	-	-	-	-
4	Disputed dues – Others	-	-	-	-	-	-
	<b>Total</b>	<b>6.10</b>	<b>45.32</b>	<b>1.20</b>	<b>0.78</b>	<b>-</b>	<b>53.40</b>

**As at 31st March 2023**

S. No.	Particulars	Not Due	Less Than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
1	MSME	-	-	-	-	-	-
2	Others	64.20	13.01	5.40	-	-	82.61
3	Disputed dues – MSME	-	-	-	-	-	-
4	Disputed dues – Others	-	-	-	-	-	-
	<b>Total</b>	<b>64.20</b>	<b>13.01</b>	<b>5.40</b>	<b>-</b>	<b>-</b>	<b>82.61</b>

**As at 31st March 2022**

S. No.	Particulars	Not Due	Less Than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
1	MSME	-	-	-	-	-	-
2	Others	126.71	22.06	-	-	-	148.77
3	Disputed dues – MSME	-	-	-	-	-	-
4	Disputed dues – Others	-	-	-	-	-	-
	<b>Total</b>	<b>126.71</b>	<b>22.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148.77</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 41**

**Disclosures under Ind AS 19 “Employee Benefits”:**

**Defined Contribution Plan:**

Amount recognized as an expense in defined contribution plans:

Particulars	Expense recognized during the year			
	For the period ended on 30th September 2024	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Contribution to employee Provident Fund & Employees Pension Scheme.	17.38	30.92	18.66	5.82

**DEFINED BENEFIT PLAN- AS PER ACTUARIAL VALUATION**

The Holding Company operates a defined benefit plan, viz., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

The following tables summaries the components of net benefit expenses recognised in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for gratuity. (As per the independent Actuarial valuation report of the company). The amount recognised for the period ended 30th September 2024, are based on the management estimates.

**The amounts recognized in the Balance Sheet is as under:**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Present value of obligations as at the end of year	61.44	59.75	56.24	38.55
Fair value of plan assets as at the end of the year	-	-	-	-
Funded status	-	-	-	-
<b>(Net Assets)/Liability recognized in balance sheet</b>	<b>61.44</b>	<b>59.75</b>	<b>56.24</b>	<b>38.55</b>

**Net Defined Benefit Cost/(Income) included in recognized in Statement of Profit and Loss at Period-End**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Service Cost	1.69	13.58	11.15	38.55
Net Interest Cost	-	4.12	2.84	-
Past Service Cost	-	-	-	-
Administration Cost	-	-	-	-
(Gain) /Loss due to settlements/ Curtailments/ Terminations/ Divestitures	-	-	-	-
<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss</b>	<b>1.69</b>	<b>17.70</b>	<b>13.99</b>	<b>38.55</b>

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**

**Notes to Restated Consolidated Financial Information**

(All Amount in ₹ in Lakhs unless otherwise stated)

**Analysis of Amount Recognized in Other Comprehensive (Income)/Loss at Period-End**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Amount recognized in OCI, (Gain) / Loss Beginning of Period	-	5.12	1.42	-
<b>Remeasurements Due to:</b>	-			
Effect of change in Financial Assumptions	-	2.13	0.45	-
Effect of change in Demographic Assumptions	-	-	-	-
Effect of Experience Adjustments	-	(16.32)	3.25	1.42
<b>Total Remeasurements Recognised in OCI (Gain)/ Loss</b>	-	(14.19)	3.70	1.42
<b>Actuarial Gain/(Loss) recognized in Other Comprehensive Income</b>	-	(9.07)	5.12	1.42

**Change in Defined Benefit Obligations:**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Defined Benefit Obligation	59.75	56.24	38.55	-
Interest Cost	-	4.12	2.84	-
Net Current Service Cost	1.69	13.58	11.16	38.55
Benefits Paid	-	-	-	-1.42
Actuarial (Gain) / Loss on obligation	-	(14.19)	3.70	1.42
<b>Present value of obligations as at end of year</b>	<b>61.44</b>	<b>59.75</b>	<b>56.25</b>	<b>38.55</b>

**Actuarial Assumptions are as under:**

Particulars	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Discount Rate	7.09	7.32	7.37
Expected rate of Future Salary Increase	10	10	10
Retirement Age	60	60	60
Mortality rates	100% of IALM (2012-14)	100% of IALM (2012-14)	100% of IALM (2012-14)
<b>Age</b>		<b>Withdrawal Rate</b>	
Up to 30 Years	22	22	22
From 30 to 45 Years	5	5	5
Above 45 Years	1	1	1

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
**Notes to Restated Consolidated Financial Information**  
**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Expected Cashflow for the Next Ten Years**

Duration (years)	Amount
Year - 2025	1.69
Year - 2026	1.21
Year - 2027	1.47
Year - 2028	2.59
Year - 2029	3.95
Year - 2030 to 2034	39.74

**Summary of Membership Data:**

Particulars	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Number of Employees	64	46	34
Total Monthly Salary for Gratuity (₹ in Lakhs)	20,71,825	17,52,585	12,09,042
Average Past Service ( Years )	2	2	2.21
Average Age ( Years )	30.93	31.00	32.45
Average Remaining Working Life ( Years )	29.07	29.01	27.55

**Sensitivity analysis is as under:**

Particulars	Year Ended 31st March, 2024
Defined Benefit Obligation - Discount Rate +100 Basis Points	(8.57)
Defined Benefit Obligation - Discount Rate -100 Basis Points	10.50
Defined Benefit Obligation - Discount Rate -100 Basis Points	10.09
Defined Benefit Obligation - Salary escalation Rate -100 Basis Points	(8.44)

**Current Non-Current Bifurcation**

Particulars	For the period ended on 30th September 2024	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Current Liability	3.26	1.57	1.78	1.27
Non-Current Liability	58.18	58.18	54.46	37.28
Net Liability	61.44	59.75	56.24	38.55

**Compensated Absences (Unfunded)**

Compensated Absences cover the Holding company's Liability for earned leave. The amount of the ₹ 22.26 Lakhs is presented as non current and ₹ 5.67 Lakhs is presented as current during the period ended 30th September 2024 Total Expenses recognised in statement of Profit & Loss is ₹ 4.50 Lakhs (Previous Year ending 31st March 2024 ₹ 9.09 Lakhs, 31st March 2023 ₹ 8.59 Lakhs and 31st March 2022 ₹ 0.11Lakhs)

**Note No. 42**  
**RELATED PARTY DISCLOSURES**

In accordance with the requirements of Ind AS 24 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are:

**Names of Related Parties and nature of Relationship**

**Key Managerial Personnel**

Ashok Kumar Gautam (w.e.f 04/01/2014)	(Executive Director)
Kaviraj Singh (w.e.f 14/09/2012)	(Executive Director)
Amar Wadhwa (w.e.f 09/07/20224)	Independent Director
Nishant Idnani (w.e.f 21/06/2024)	Independent Director
Sunita Thawani (w.e.f 09/07/2024)	Independent Director
Anshuman Mishra (w.e.f 09/07/2024)	Independent Director
Vishaka Jalan (w.e.f 24/05/2024)	Company Secretary
Manish Singh Negi (W.E.F 21/06/2024)	Chief Financial Officer
Komendant Andrei Alexandrovich (w.e.f 24/05/2024)	General Director (Earthood Rus Limited Liability Company)
Sanjeev Kumar (up to 21.10.2021)	Director

**Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence & transactions have taken place**

Belliya Services Private Limited	Common Directorship (Kaviraj Singh)
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**Relatives of Key Managerial Personnel and transactions have taken place**

Archana Singh	Spouse (Ashok Kumar Gautam)
Pooja Singh	Spouse (Kaviraj Singh)
Prema Singh	Spouse's Mother (Ashok Kumar Gautam)
Santosh Kumar Singh	Spouse's Brother (Ashok Kumar Gautam)
Vijendra Singh Chaudhary	Spouse's Father (Kaviraj Singh)
Krishna Chaudhary	Spouse's Mother (Kaviraj Singh)

EARTHOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)  
Notes to Restated Consolidated Financial Information  
(All Amount in ₹ in Lakhs unless otherwise stated)

**i) Transaction with Related Parties**

Particulars	As at 30th September, 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Issue of B Class Equity Shares</b>				
Kaviraj Singh	-	-	10.00	-
<b>Payable towards Purchase of Shares in Earthood UK Limited (10 Equity Shares without Voting Rights)</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	-	0.01	-	-
<b>Paid towards Purchase of Shares in Earthood UK Limited (10 Equity Shares without Voting Rights)</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	0.01	-	-	-
<b>Professional Services</b>				
<b>Relatives of Key Managerial Personnel with whom transaction have taken place</b>				
Archana Singh	-	5.00	15.00	12.50
Prema Singh	-	-	-	25.00
Santosh Singh	-	-	-	5.00
Vijender Singh	-	-	-	10.00
Krishna Chaudhary	-	-	-	10.00
<b>Payment of Professional Services</b>				
<b>Relatives of Key Managerial Personnel with whom transaction have taken place</b>				
Archana Singh	-	18.00	-	11.25
Prema Singh	-	-	-	27.13
Santosh Singh	-	-	-	-
Vijender Singh	-	-	-	2.63
Krishna Chaudhary	-	-	-	4.50
<b>Advances given</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	36.78	50.00	-	-
Sanjeev Kumar	-	-	-	8.00
<b>Advances given</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited	-	-	-	2.25
<b>Advances given received back</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	25.00	50.00	-	-
Sanjeev Kumar	-	-	-	11.52
<b>Loan Received back given in earlier years</b>				
<b>Key Management Personnel</b>				
Manish Singh Negi	0.33	-	-	-
<b>Loan Received back given in earlier years</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited	-	-	2.92	-
<b>Managerial Remuneration</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	87.53	138.10	250.70	91.72
Ashok Kumar Gautam	51.33	137.28	137.28	32.20
Sanjeev Kumar	-	-	-	14.03
Komendant Andrei Alexandrovich	2.66	-	-	-

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
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<b>Salary and Other Perquisites</b>					
<b>Key Managerial Personnel</b>					
Manish Singh Negi	5.95	-	-	-	-
Vishaka Jalan	4.05	-	-	-	-
<b>Dividend Paid</b>					
<b>Key Managerial Personnel</b>					
Kaviraj Singh	-	86.87	231.23	-	-
<b>Imprest given</b>					
<b>Key Managerial Personnel</b>					
Kaviraj Singh	12.94	11.47	4.91	-	-
<b>Salary Paid</b>					
<b>Relatives of Key Managerial Personnel</b>					
Pooja Singh	34.82	57.41	35.55	-	-
<b>Reimbursement of Expenses</b>					
<b>Key Managerial Personnel</b>					
Kaviraj Singh	17.00	21.17	17.64	0.89	0.89
Ashok Kumar Gautam	-	19.65	1.69	1.69	1.69
Manish Singh Negi	1.14	-	-	-	-
Vishaka Jalan	0.13	-	-	-	-

Particulars	As at 30th September, 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Balance at the end of year</b>				
<b>Loan from Director</b>				
Sanjeev Kumar	-	-	2.00	2.00
<b>Advances given</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	11.78	-	-	-
<b>Advances given</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited	-	-	-	2.92
<b>Imprest</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	1.80	0.77	0.46	0.10
<b>Managerial Remuneration Payable</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	10.16	9.67	66.92	8.39
Ashok Kumar Gautam	5.40	3.43	3.30	2.13
Sanjeev Kumar	-	-	-	-
<b>Salary and Other Perquisites</b>				
<b>Key Managerial Personnel</b>				
Manish Singh Negi	1.34	-	-	-
Vishaka Jalan	0.68	-	-	-
<b>Loan</b>				
<b>Key Managerial Personnel</b>				
Manish Singh Negi	1.75	-	-	-
<b>Recoverable</b>				
<b>Key Managerial Personnel</b>				
Vishaka Jalan	0.20	-	-	-
<b>Salary Payable</b>				
<b>Relatives of Key Managerial Personnel</b>				
Pooja Singh	4.58	4.17	-	-

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
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**(All Amount in ₹ in Lakhs unless otherwise stated)**

- i) As the amount for Gratuity and Leave Encashment are provided on actuarial basis for the Holding Company as a whole, the amount pertaining to KMP are not included in their remuneration.
- ii) Transactions with the related parties are made on terms equivalent to those that prevail in arms' length transactions.
- iii) During the Financial Year 2023-24 The Holding Company has allotted Bonus Shares to KMP, details are as under:

Particulars	No of Bonus Shares Allotted
Kaviraj Singh (Executive Director)	78,93,300
Ashok Kumar Gautam (Executive Director)	16,16,700

- iv) During 01/04/2024 to 30/09/2024 the Company has allotted Bonus Shares to KMP, details are as under:

Particulars	No of Bonus Shares Allotted
Kaviraj Singh (Executive Director)	1,13,12,032
Ashok Kumar Gautam (Executive Director)	24,32,700
Manish Singh Negi (Chief Financial Officer)	7

- v) During the Financial Year 2023-24 the Holding Company has acquired 10 Class B Ordinary Share of subsidiary, Earthood UK Limited from one of the shareholder of the subsidiary.

**Note No. 43**  
**Dividend Paid by Subsidiary (Earthood UK Limited)**

Class of Shares	Year	Number of Shares	Amount per Share (GBP)	Total Dividend Paid ( in Lakh)
Class B ordinary Shares - Holder Mr. Kaviraj Singh	2022-23	10	23,160.00	216.65
Class B ordinary Shares - Holder Mr. Kaviraj Singh	2023-24	10	8,251.55	87.09



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**Note No. 44**

**SHARE BASED PAYMENTS**

**Employee Stock Options**

The Holding Company had approved "ESOP Scheme 2023" (ESOP Scheme 2023 or Scheme) for granting Employees Stock Options in the form of Equity Shares to eligible employees and the same was approved by the members of the Company on 8th January 2024.

The Board of Directors of the Holding company have granted 1,04,873 share Options (par value ` 10/- each share) on 31st March 2024, pursuant to issue of bonus shares approved by the members of the company on 9th July 2024, the number of options were adjusted to 2,62,183 share Options (par value ` 10/- each share).

Details of Scheme is given as below:

Vesting Particulars of Options	Options vested	Weighted average exercise price ( ` )	Outstanding share options from the date of grant
1st vesting - on 1st April 2026	1,31,095	10	1,31,095
2nd Vesting - on 1st April 2028	1,31,088	10	2,62,183

Movement of options granted under the Scheme are

Particulars	ESOP Scheme 2023
Date of Grant	31st March 2024
Options outstanding as at 31st March 2023	-
Options Granted during the year	52,438
Option vested	-
Option exercised	-
Option expired during the year	-
Options Exercisable at the end of the year	-
Options outstanding as at 31st March 2024	52,438
Adjusted option outstanding as at 31st March 2024 due to issue of bonus shares	78,657
Revised Options outstanding as at 31st March 2024	1,31,095
Options Granted during the Period	-
Option vested	-
Option exercised	-
Option expired during the Period	-
Options Exercisable at the end of the Period	-
Options outstanding as at 30th September 2024	1,31,095

Refer note no. 30 for expense recognized during the year on account of ESOP as per Ind AS 102 - Share Based Payments.

Significant assumptions and inputs to estimate the fair value of options granted:

Particulars	ESOP Scheme 2023	
	Vest 1	Vest 2
Method of Settlement	Equity Settlement	
Risk-free interest rate	7.09%	7.09%
Time to Maturity (In years)	4.5	6.5
Implied Volatility	12.83%	12.83%
Dividend Yield	0.00%	0.00%
Exercise price at the date of grant ( ` )	10	10
Share price at the time of option grant ( ` )	29	29
Fair value vest wise ( ` )	21.73	22.7
Vesting of Shares	1,31,095	1,31,088
Model used	Black-Scholes Option Pricing	

Equity Shares reserved and issued under ESOP Scheme 2023

Particulars	30th September 2024	As at 31st March 2024
<b>Options available under ESOP Scheme 2023</b>		
Options available at the beginning of the year	1,31,095	-
Options granted during the year	-	52,438
Equity Shares issued during the year under ESOP Scheme 2023: Equity Shares of ` 10 each.	-	-
Options expired during the year	-	-
Options available at the end of the year	-	52,438
Adjusted option outstanding as at 31st March 2024 due to issue of bonus shares	-	78,657
Revised Options outstanding as at 31st March 2024	1,31,095	1,31,095

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Note No.45

Fair Value Measurements

The carrying amounts of Financial Assets and Financial Liabilities in each category are as follows:

PARTICULARS	NOTE	30th September 2024				31st March 2024				31st March 2023				31st March 2022			
		FVPL	FVOCI	AMORTISED COST	FAIR VALUE	FVPL	FVOCI	AMORTIZED COST	FAIR VALUE	FVPL	FVOCI	AMORTIZED COST	FAIR VALUE	FVPL	FVOCI	AMORTIZED COST	FAIR VALUE
<b>Non-Current Financial Assets</b>																	
Investments	10 A		0.73				29.94										
Loans	11 A			0.72	0.72			1.18	1.18								
Other Financial Assets	12 A			21.67				13.86									
<b>Current Financial Assets</b>																	
Investments	10 B		2,575.38				1,518.64				308.23						
Trade Receivables	14			1,003.17				1,097.59				678.42			151.26		175.95
Cash and Cash Equivalents	15			400.38				708.98				579.13					240.32
Bank Balances other than Cash & Cash Equivalent	16			207.10				5.28				0.38					-
Loans	11 B			12.77				1.23				1.31					3.62
Other Financial Assets	12 B			34.98				23.61				14.34					12.04
<b>Total Financial Assets</b>		-	<b>2,576.10</b>	<b>1,680.78</b>	<b>0.72</b>	-	<b>1,548.58</b>	<b>1,851.73</b>	<b>1.18</b>	-	<b>308.23</b>	<b>1,286.85</b>	<b>2.41</b>	-	<b>151.26</b>	<b>437.53</b>	<b>2.79</b>
<b>Non-Current Financial Liabilities</b>																	
Borrowings	21 A										51.56				99.78		
Lease Liabilities	22	335.46				255.49					272.96						
<b>Current Financial Liabilities</b>																	
Borrowings	21 B	9.01									2.00				2.00		
Lease Liabilities	22	36.36				17.48					15.95						
Trade Payables	24	54.81				53.40					82.61				148.77		
Other Financial Liabilities	25	-				-					10.67						
<b>Total Financial Liabilities</b>		<b>435.65</b>	-	-	-	<b>326.37</b>	-	-	-	<b>435.75</b>	-	-	-	<b>250.55</b>	-	-	-

The carrying amount of Trade Receivables, Trade Payables and Cash & Cash Equivalent are considered to be the same as their Fair Values due to their short term nature.  
The carrying amount of the Financial Assets and Liabilities carried Amortised Cost is considered a reasonable approximation of Fair Value.

**EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)**  
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**(All Amount in ₹ in Lakhs unless otherwise stated)**

**Note No. 46**

**Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements		Note	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>						
<b>Investments</b>	<b>As at 30th September 2024</b>		421.34	2,154	29.94	2,605.33
	As at 31st March 2024	10A & 10B	325.66	1,192.98	29.94	1,548.58
	As at 31st March 2023		-	308.23	-	308.23
	As at 31st March 2022		-	151.26	-	151.26
	-		-	-	-	
<b>Loans</b>	<b>As at 30th September 2024</b>		-	-	13.49	13.49
	As at 31st March 2024	11A & 11B	-	-	2.41	2.41
	As at 31st March 2023		-	-	3.72	3.72
	As at 31st March 2022		-	-	6.41	6.41
	-		-	-	-	
<b>Other Financial Assets</b>	<b>As at 30th September 2024</b>		-	-	56.64	56.64
	As at 31st March 2024	12A & 12B	-	-	37.47	37.47
	As at 31st March 2023		-	-	25.20	25.20
	As at 31st March 2022		-	-	14.85	14.85
	-		-	-	-	

The fair value of financial instruments as referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurement) and lowest priority to unobservable inputs (level 3 measurements).

The categories used are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: The fair value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognize transfers into and transfer out of fair value hierarchy levels as at the end of the reporting period.

**Note No. 47**

**Financial Risk Management**

The Group's businesses are subject to several risks and uncertainties including financial risks. The Group's documented risk management policies, act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management.

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors. This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

**Market Risk**

The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency Risk;
- Price Risk;
- Interest Rate Risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

**Currency Risk - Potential Impact of Risk & Management Policy**

Group undertakes transactions denominated in foreign currencies mainly related to its operating activities. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Carrying amounts of Group's foreign currency denominated monetary assets and monetary liabilities at end of reporting period are as follows:

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Amount payable in foreign currency on account of the following:

Particulars	As at 30th September 2024			As at 31st March 2024			As at 31st March 2023			As at 31st March 2022		
	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs
Expenses Payable	USD	-	-	USD	-	-	USD	-	-	USD	-	-
	EUR	-	-	EUR	-	-	EUR	-	-	EUR	-	-
	TRY	37,500.00	0.92	TRY	37,500	0.96	TRY	-	-	TRY	-	-
	RUB	5,100.00	0.05	RUB	-	-	RUB	-	-	RUB	-	-
Other Payables	TRY	13,69,172.58	34.96	TRY	1,34,219.54	3.45	TRY	9,492.75	0.41	TRY	-	-
	GBP	31,733.35	28.02	GBP	47,933.34	50.46	GBP	37,822.70	37.99	GBP	-	-
	RUB	12,56,938.48	11.33	RUB	-	-	RUB	-	-	RUB	-	-
Income Tax Payable	TRY	-	-	TRY	26,359.84	0.68	TRY	-	-	TRY	-	-
	GBP	73,300	82.21	GBP	77,905.53	82.02	GBP	66,241.90	66.14	GBP	-	-

Amount receivable in foreign currency on account of the following:

Particulars	As at 30th September 2024			As at 31st March 2024			As at 31st March 2023			As at 31st March 2022		
	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs
Trade Receivable	USD	7,27,620.00	609.67	USD	7,21,766.00	598.34	USD	4,71,522.00	385.28	USD	49,580.00	37.46
	EUR	5,938.00	5.55	EUR	20,900.00	18.68	EUR	5,750.00	5.10	EUR	3,000.00	2.50
	TRY	2,66,349.36	6.53	TRY	1,90,483.86	4.90	TRY	-	-	TRY	-	-
	GBP	1,50,076.52	168.33	GBP	1,89,843.26	199.84	GBP	65,733.00	65.62	GBP	-	-
Cash and Cash Equivalents	TRY	3,97,108	9.73	TRY	3,95,369.64	10.16	TRY	37,500.00	1.61	TRY	-	-
	GBP	80,044	89.78	GBP	76,270.10	80.30	GBP	70,465.54	70.35	GBP	-	-
	RUB	2,16,845	1.95	RUB	-	-	RUB	-	-	RUB	-	-
Other Receivable	TRY	3,82,022	9.36	TRY	3,46,530.75	8.91	TRY	14,450.92	0.62	TRY	-	-
	GBP	39,768	44.60	GBP	29,269.72	30.81	GBP	14,472.68	14.68	GBP	100.00	0.10
	RUB	1,75,027.83	1.58	RUB	-	-	RUB	-	-	RUB	-	-

**Price Risk - Potential Impact of Risk & Management Policy**

The Group is mainly exposed to the price risk due to its investment in Equity Shares & Mutual Funds. The price risk arises due to uncertainties about the future market values of these investments.

The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in Equity Shares & Mutual Funds.

The Investments in Equity Shares are publicly traded and listed in BSE & NSE. Carrying amounts of the Group's investment in Equity Shares at the end of the reporting period are given in Note 10

**Price Risk - Sensitivity to Risk**

The following tables demonstrate the sensitivity to a reasonably possible change in equity index where investments of the Group are listed. The impact on the Group profit before tax is due to changes in the BSE Index.

Particulars	Impact on Profit after Tax				Impact on Other Components of Equity after Tax			
	30th September 2024	31st March 2024	31st March 2023	31st March 2022	30th September 2024	31st March 2024	31st March 2023	31st March 2022
BSE Index Increase by 5%	-	-	-	-	21.07	16.28	-	-
BSE Index Decrease by 5%	-	-	-	-	(21.07)	(16.28)	-	-

**Interest Rate Risk - Potential Impact of Risk & Management Policy**

The Group is mainly exposed to the interest rate risk due to its investment in term deposit with banks the Group invests in term deposits for a period of up to one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fixed rate borrowings and deposits are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Variable rate Borrowings	-	-	-	-
Fixed rate Borrowings	-	-	62.23	99.78
<b>Total Borrowings</b>	-	-	<b>62.23</b>	<b>99.78</b>

**Credit Risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk from its operating activities (primarily trade receivables and also from its investing activities including deposits with banks, forex transactions and other financial instruments) for receivables, cash and cash equivalents, short-term investments.

In respect of its investments, the Group aims to minimize its financial credit risk through the application of risk management policies.

For financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and investment in Equity Shares.

None of the Group's cash equivalents, including time deposits with banks, are past due or impaired.

Trade receivables are subject to credit limits, controls & approval processes. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. The credit quality of the Group's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. Due to large geographical base & number of customers, the Group is not exposed to material concentration of credit risk. Basis the historical experience, the risk of default in case of trade receivable is low. Provision is made for doubtful receivables on individual basis depending on the customer ageing, customer category, specific credit circumstances & the historical experience of the group. The solvency of customers and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables are impaired, the Group actively seeks to recover the amounts in question and enforce compliance with credit terms.

The Group assesses and manages credit risk of Financial Assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of Financial Assets.

- A: Low Credit Risk on financial reporting date
- B: Moderate Credit Risk
- C: High Credit Risk

The Group provides for Expected Credit Loss based on the following:

Asset Group	Basis of Categorisation	Provision for Expected Credit Loss
Low Credit Risk	Cash and Cash Equivalents, other Bank Balances and other Financial Assets	12 month expected credit loss
Moderate Credit Risk	Trade Receivables	Life time expected credit loss
High Credit Risk	Trade Receivables and other Financial Assets	Life time expected credit loss or fully provided for

Credit Rating	Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
A: Low credit risk	Cash and Cash Equivalents, other Bank Balances and other Financial Assets	677.61	754.14	608.43	261.58
B: Moderate credit risk	Trade Receivables	1,003.17	1,097.59	678.42	175.95
C: High credit risk	Trade Receivables	-	-	-	-

**As at 30th September 2024**

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	400.38	-	400.38
Other Bank Balances	16	Low Credit Risk	207.10	-	207.10
Loans	11A & 11B	Low Credit Risk	13.49	-	13.49
Other Financial Assets	12A & 12B	Low Credit Risk	56.64	-	56.64
Trade Receivables	14	Moderate Credit Risk	1,049.76	46.59	1,003.18

**As at 31st March 2024**

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	708.98	-	708.98
Other Bank Balances	16	Low Credit Risk	5.28	-	5.28
Loans	'11A & 11B	Low Credit Risk	2.41	-	2.41
Other Financial Assets	12A & 12B	Low Credit Risk	37.47	-	37.47
Trade Receivables	14	Moderate Credit Risk	1,116.33	18.74	1,097.59

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**As at 31st March 2023**

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	579.13	-	579.13
Other Bank Balances	16	Low Credit Risk	0.38	-	0.38
Loans	'11A & 11B	Low Credit Risk	3.72	-	3.72
Other Financial Assets	12A & 12B	Low Credit Risk	25.20	-	25.20
Trade Receivables	14	Moderate Credit Risk	685.57	7.15	678.42

**As at 31st March 2022**

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	240.32	-	240.32
Other Bank Balances	16	Low Credit Risk	-	-	-
Loans	'11A & 11B	Low Credit Risk	6.41	-	6.41
Other Financial Assets	12A & 12B	Low Credit Risk	14.85	-	14.85
Trade Receivables	14	Moderate Credit Risk	180.25	4.30	175.95

**Liquidity Risk**

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Group maintained a cautious liquidity strategy, with a positive Cash & Bank balance throughout the Period ended 30th September 2024 & year ended 31st March 2024, 31st March 2023 and 31st March 2022.

Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable equity shares and units of Mutual Funds with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

As at 30th September 2024		Undiscounted Amount			
Non-Derivative Liabilities	Note	Carrying Amount	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	9.01	9.01	-	9.01
Other current financial liabilities	25	-	-	-	-

As at 31st March 2024		Undiscounted Amount			
Non-Derivative Liabilities	Note	Carrying Amount	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	-	-	-	-
Other current financial liabilities	25	-	-	-	-

As at 31st March 2023		Undiscounted Amount			
Non-Derivative Liabilities	Note	CARRYING AMOUNT	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	53.56	53.56	-	53.56
Other current financial liabilities	25	10.67	10.67	-	10.67

As at 31st March 2022		Undiscounted Amount			
Non-Derivative Liabilities	Note	CARRYING AMOUNT	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	101.78	37.55	64.23	101.78
Other current financial liabilities	25	-	-	-	-

**Current & Liquid Ratio**

The following table shows the Ratio analysis of the Group for respective periods

PERIOD	Current Ratio	Liquid Ratio
30th September 2024	8.96	8.96
As at 31st March 2024	7.96	7.96
As at 31st March 2023	2.99	2.99
As at 31st March 2022	2.30	2.30

**Collateral**

Vehicle Loan is secured against hypothecation of vehicle. Term Loan from Bank is secured by way of equitable mortgage of one of Holding Company's properties.

There are no other significant terms and conditions associated with the use of collateral.

**Note No. 48**

**Capital Management**

**Risk Management**

Capital management is driven by Group's policy to maintain a sound capital base to support the continued development of its business. The Board of Directors seeks to maintain a prudent balance between different components of the Group's capital. The Management monitors the capital structure and the net financial debt at individual currency level. Net financial debt is defined as current and non-current financial liabilities less cash and cash equivalents and short term investments.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the Gearing Ratio within 30%.

Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Debt @	-	-	64.23	101.78
Cash and bank balances	607.48	714.26	579.51	240.32
<b>Net Debt</b>	<b>(607.48)</b>	<b>(714.26)</b>	<b>(515.28)</b>	<b>(138.54)</b>
Equity Share Capital	2,385.00	954.00	3.00	3.00
Other Equity	1,568.50	2,199.27	1,259.02	389.22
<b>Total Equity</b>	<b>3,953.50</b>	<b>3,153.27</b>	<b>1,262.02</b>	<b>392.22</b>
<b>Gearing Ratio (Net Debt To Equity Ratio)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

@ Debt is defined as long-term and short-term borrowings (excluding derivative and contingent consideration).

**Note No. 49**

**Additional regulatory information required by Schedule III**

**i. Details of Benami Property held**

No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**ii. Wilful Defaulter**

Group has not been declared Wilful defaulter by any bank or financial institution or government or any government authority.

**iii. Compliance with number of layers of companies**

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

**(iv) Compliance with approved scheme(s) of arrangements**

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(v) Utilization of borrowed funds and share premium**

A. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

B. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

**(vi) Undisclosed Income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(vii) Details of Crypto currency or Virtual currency**

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(viii) Valuation of Property, Plant and Equipment, intangible asset and investment property**

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**(ix) Registration of charges or satisfaction with Registrar of Companies:**

There are no active charges pending to be satisfied or pending for Creation.

**(x) Utilization of borrowings availed from banks and financial institutions:**

During the year Group has not availed any borrowings from banks and financial institutions

**(xi) Dividend**

Holding Company has not declared or paid dividend during the year or previous year

**(xii) Transactions with Struck Off Companies**

Group has no dealings with Struck Off Companies

**Note No. 50**

**Correction of Errors**

During the year Group noted certain errors appearing since 1<sup>st</sup> April 2021, consequently Group corrected prior period errors as per Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" by restating each of the affecting financial statement line items for prior periods.

**Note No. 50.1**

**Notes to the correction of Errors and the impact on the Consolidated Balance Sheet as at 31st March 2023**

**A. Gratuity & Compensated Absences**

Group had not recognised Gratuity & Compensated Absences under previous GAAP. During the year ended 31<sup>st</sup> March 2023 Group recognised Gratuity & Compensated Absences as Employee Benefit Expenses.

**B. Depreciation and Value of Property, Plant & Equipment**

Group had charged Depreciation on Property, Plant & Equipment not in agreement with Schedule II of Companies Act, 2013. The Group elects to recalculate the life of its Property, Plant & Equipment on useful life as prescribed in the respective schedule.

**Note No. 50.2**

**Notes to the correction of Errors and the impact on the Consolidated Balance Sheet as at 31<sup>st</sup> March 2022**

**A. Gratuity & Compensated Absences**

Group had not recognised Gratuity & Compensated Absences under previous GAAP. During the year ended 31<sup>st</sup> March 2022 Group recognised Gratuity & Compensated Absences as Employee Benefit Expenses.

**B. Depreciation and Value of Property, Plant & Equipment**

Group had charged Depreciation on Property, Plant & Equipment not in agreement with Schedule II of Companies Act, 2013. The Group elects to recalculate the life of its Property, Plant & Equipment on useful life as prescribed in the respective schedule.

**C. Investment in Mutual Funds**

Due to error in calculation of sale and receipt of dividend of Current Investments in Mutual Funds, value of Investment in Mutual Funds is increased by ₹ 15.61 Lakhs as at 31<sup>st</sup> March 2022.

**Note No. 50.3**

**First Time Adoption of Ind AS**

The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1<sup>st</sup> April 2023, with a transition date of 1<sup>st</sup> April 2022. These financial statements for the year ended 31<sup>st</sup> March 2024 are the first Financial Statements, the Group has prepared under Ind AS. For all periods up to and including the year ended 31<sup>st</sup> March 2023, the Group prepared its Financial Statements in accordance with the Accounting Standards notified under the section 133 of the Companies Act 2013, read with Companies (Accounting Standards) Rules, 2021 ("Previous GAAP").

The adoption of Ind AS has been carried out in accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standards". Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, Group has prepared financial statements which comply with Ind AS for year ended 31<sup>st</sup> March 2024, together with the comparative information as at and for the year ended 31<sup>st</sup> March 2023 and the Ind AS Balance Sheet as at 31st March 2022, date of transition to Ind AS.

In preparing these Ind AS financial statements, the Group has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

This note explains the adjustments made by the Group in restating its financial statements prepared under previous GAAP, including the Balance Sheet as at 31st March 2022 and the financial statements as at and for the year ended 31st March 2023.

**Note No. 50.4**

**Optional Exemptions from Retrospective Application**

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Group has elected to apply the following optional exemptions from retrospective application:

**A. Deemed Cost for Property, Plant and Equipment and Other Intangible Assets**

On transition to Ind AS, Group has elected to continue with carrying value of all of its Property, Plant and Equipment and Intangible Assets recognised as at 31st March 2022 measured as per Previous GAAP and use that carrying value as deemed cost of Property, Plant and Equipment and Other Intangible Assets.

**B. Leases**

Ind AS 116, "Leases" requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind-AS except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/arrangements.

**Note No. 50.5**

**Mandatory Exceptions from Retrospective Application**

The Group has applied the following exceptions to the retrospective application of Ind AS, as mandatorily required under Ind AS 101:

**A. Estimates**

On assessment of the estimates made under the Previous GAAP Financial Statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date.

**B. Classification and Measurement of Financial Assets**

Ind AS 101 requires an entity to assess classification and measurement of Financial Assets on the basis of facts and circumstances that exist on the date of transition to Ind AS. Accordingly, the Group has applied the above requirement prospectively. Classification of Financial Assets to be measured at amortised cost or Fair Value through Other Comprehensive Income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

**C. Derecognition of Financial Assets and Financial Liabilities**

Ind AS 101 requires a first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly, the Group has applied the derecognition requirement for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after date of transition to Ind AS.

**D. Impairment of Financial Assets**

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognised and compare that to the credit risk at the date of transition to Ind AS. The Group has applied this exception prospectively.

**Note No. 50.6**

**Transition to Ind AS – Reconciliations**

Ind AS 101 requires that an entity should explain how the transition from previous GAAP to Ind ASs affected its reported balance sheet, financial performance and cash flows, accordingly the Group has prepared:

- i. Reconciliation of Consolidated Equity as at 31<sup>st</sup> March 2023 & as at 31<sup>st</sup> March 2022 (Refer Note No. 50.07)
- ii. Reconciliation of Consolidated Total Comprehensive Income for the year ended 31<sup>st</sup> March 2023 & as at 31<sup>st</sup> March 2022 (Refer Note No. 50.08)
- iii. Impact of Ind AS adoption on the Consolidated Statement of Cash Flows for the year ended on 31<sup>st</sup> March 2023 & as at 31<sup>st</sup> March 2022 (Refer Note No. 50.09)



EARTHOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)  
Notes to Restated Consolidated Financial Information  
(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 50.7**

**Reconciliation of Total Equity**

Particular	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Total Equity (Shareholder's Funds) as per Audited Financials/ Previous GAAP</b>	<b>3160.65</b>	<b>1,213.99</b>	<b>412.06</b>
<b>Adjustment for Correction of Errors:</b>			
- Property, Plant and Equipment	-	(46.56)	55.80
- Investment	-	-	15.61
- Goodwill	-	22.82	-
- Loans	-	(10.22)	-
- Trade Receivable	-	37.80	-
- Cash & Cash Equivalent	-	(0.74)	-
- Income Tax Liability	-	(65.84)	-
- Other Current Assets & Liabilities	-	43.11	-
- Gratuity & Compensated Absences	-	(70.64)	(44.38)
<b>Adjustment due to Implementation of Ind AS:</b>			
- Impact of Ind AS 40 - Investment Property	-	113.39	(59.78)
- Impact of Ind AS 116 - Leases	-	(1.45)	-
- Expected Credit Loss on Trade Receivables	-	(7.15)	(4.30)
- Fair Value of Loan to Employees	-	(0.48)	(0.75)
- Impact due to Ind AS 115 - Revenue from Contract with Customers	-	(73.56)	8.40
- Fair value of Investment	-	37.67	15.10
<b>Tax Impact</b>	<b>(7.38)</b>	<b>69.88</b>	<b>(5.54)</b>
<b>Total Adjustments</b>	<b>(7.38)</b>	<b>48.03</b>	<b>(19.84)</b>
<b>Total Equity as per Ind AS</b>	<b>3,153.27</b>	<b>1,262.02</b>	<b>392.22</b>

**Note No. 50.8**

**Reconciliation of Total Comprehensive Income**

Particular	For the year ended on 31st March 2023	For the year ended on 31st March 2022
<b>Profit After Tax as per previous GAAP</b>	<b>1,027.60</b>	<b>194.67</b>
<b>Adjustment for Correction of Errors:</b>		
- Depreciation on Property Plant & Equipments	(8.25)	16.05
- Gratuity & Compensated Absences	(22.59)	(2.83)
- Adjustment of Revenue	-	-
- Employee Benefit Expenses	116.62	-
<b>Adjustment due to Implementation of Ind AS:</b>		
- Adjustment of Revenue	(47.15)	(51.38)
- Interest income on financial assets at amortised cost	0.43	0.26
- Interest expense on Financial Liabilities at amortised cost	2.26	(1.03)
- Expected Credit Loss on Trade Receivables	(2.84)	(4.31)
- Reversal of Rent due to Lease Accounting as per Ind AS 116	3.52	-
- Other Expenses	(68.41)	-
- Current Tax & Previous Year Tax	5.16	-
- Fair Value of Investment at OCI	12.97	15.10
- Foreign Currency Transition Reserve (FCTR)	(12.94)	(0.42)
- Remeasurement of Defined Benefit Plan (Loss)/ Gain	(3.70)	(1.42)
<b>Tax Impact</b>	<b>72.25</b>	<b>(22.49)</b>
<b>Total Adjustments</b>	<b>47.33</b>	<b>(52.47)</b>
<b>Total Comprehensive Income for the year end</b>	<b>1,074.93</b>	<b>142.20</b>

**Note No. 50.9**

**Impact of Ind AS adoption on the Consolidated Statements of Cash Flows for the year ended on 31st March 2023**

Particulars	Previous GAAP	Adjustments	Ind AS
Net Cash flow from Operating activities	1,030.32	(254.90)	775.42
Net Cash flow from Investing activities	(164.80)	(297.29)	(462.09)
Net Cash flow from Financing activities	(272.30)	297.77	25.47
<b>Net increase/ (decrease) in Cash and Cash Equivalents</b>	<b>593.22</b>	<b>(254.41)</b>	<b>338.81</b>
Cash and Cash Equivalents as at 31st March 2022	242.54	(2.22)	240.32
<b>Cash and Cash Equivalents as at 31st March 2023</b>	<b>835.76</b>	<b>(256.63)</b>	<b>579.13</b>

**Impact of Ind AS adoption on the Consolidated Statements of Cash Flows for the year ended on 31st March 2022**

Particulars	Previous GAAP	Adjustments	Ind AS
Net Cash flow from Operating activities	240.50	(106.79)	133.71
Net Cash flow from Investing activities	(18.98)	106.68	87.70
Net Cash flow from Financing activities	(6.63)	0.12	(6.51)
<b>Net increase/ (decrease) in Cash and Cash Equivalents</b>	<b>214.89</b>	<b>0.01</b>	<b>214.90</b>
Cash and Cash Equivalents as at 31st March 2021	25.42	0.00	25.42
<b>Cash and Cash Equivalents as at 31st March 2022</b>	<b>240.31</b>	<b>0.01</b>	<b>240.32</b>

**Note No. 50.10**

**Notes to The Reconciliation of Balance Sheet as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023 and The Total Comprehensive Income for the Year Ended 31<sup>st</sup> March 2023.**

**A. Fair Value of Investments**

Under previous GAAP, investments in Mutual Funds were classified as Current Investments based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in Retained Earnings as at the date of transition and subsequently in the Profit & Loss for the year ended 31<sup>st</sup> March 2023.

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in Equity Instruments through Other Comprehensive Income in Other Equity as at the date of transition.

**B. Investment in Subsidiary**

Under previous GAAP, investments in Subsidiary were classified as Current Investments. However, based on the intended holding period and realisability, the investment in subsidiary are reclassified as Non Current Investments. There is no impact on the Total Equity or the Profit as a result of this adjustment.

**C. Investment Properties**

Under previous GAAP, Investment properties were presented as part of Property, Plant & Equipment. Under Ind AS, Investment Properties are required to be separately presented on the face of the Balance Sheet.

**D. Trade Receivables**

Under Previous GAAP, the Group has created provision for impairment of receivables based on the incurred loss model. Under Ind AS, impairment loss has been determined as per Expected Credit Loss (ECL) model. The difference between the provision amount as per previous GAAP and Ind AS - ECL is recognized as retained earnings on date of transition and subsequently in the statement of profit and loss.

**E. Right of Use Assets, Lease Liability and Security Deposits on Leased Office**

Under Previous GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS 116, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Group applied the modified retrospective approach and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities.

**F. Revenue Recognition**

As per Ind AS 115, Revenue includes gross inflows of economic benefits received and receivable by entity on its own account. Revenue from contracts with customers is recognized over time using the input method as services are provided to customers.

A contract asset is recognized when Group has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognised Contract Assets as Unbilled Revenue. Further, a contract liability is the obligation to transfer services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer. The Group recognised Contract Liability as Income Received in Advance.

**G. Loan & Advances to Employees**

Under previous GAAP, interest-free loan and advances given to employees and workers are reported at their transaction values. Under Ind AS, interest-free loan and advances are measured at fair value on initial recognition and at amortised cost on subsequent recognition. Difference between transaction value and fair value of loan and advances at initial recognition is treated as employee benefit expenses. Difference between fair value and transaction value of loan and advances has been recognised as Employee Benefit Expenses.

**H. Re-Measurement of Defined Benefit Obligation**

Under Previous GAAP the Group recognised actuarial gains and losses in the Statement of Profit and Loss. Under Ind AS, all actuarial gains and losses are recognised in the other comprehensive income. Further to the above, the deferred tax impact on above transaction has also been regrouped from Statement of Profit and Loss to other comprehensive income as per guidance under Ind AS 12 'Income taxes'.

**I. Deferred Tax**

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

**J. Other Comprehensive Income**

Under previous GAAP, the Group has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled previous GAAP profit to profit as per Ind AS. Further, Indian GAAP profit is reconciled to Total Comprehensive Income as per Ind AS.

**Note No. 51**

**Pending Compliances with Reserve Bank of India (RBI) due to Investment in Foreign Subsidiaries under FEMA**

**Note 51.1**

Holding Company had made investments in Earthood UK Limited, United Kingdom of as per details given below:

Particulars	GBP
FY 2021-22	100
FY 2023-24	10

These were not reported to RBI at the time of making investments. During Financial Year 2023-24, company has applied for regularisation of investments made above. RBI has approved the investment made in FY 2021-2022 for GBP 100 and has issued UIN, however, approval for GBP 10 is pending with RBI.

**Note 51.2**

Holding Company had made investments in Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi, Republic of Türkiye of as per details given below:

Particulars	TRY
FY 2022-23	37,500

These were not reported to RBI at the time of making investments. The Company is in the process of filing application for regularisation of investment made above.

**Note 51.3**

The company is in the process of filing of Form ODI for approval with RBI in case of investment made during 1st April 2024 to 30th September 2024 in following subsidiaries in Russian Federation & United Arab Emirates(UAE):

Name of Subsidiary	Country of Incorporation	Currency	Amount
Earthood Rus Limited Liability Company*	Russia	Russian Ruble	5,100
Earthood Green Environmental Consultants & Studies L.L.C	U.A.E	United Arab Emirates Dirham	Not yet Remitted

\*This investment has been made by General Director of Russian Subsidiary on behalf of Holding Company.

The Holding Company can file ODI only after regularisation of investments as referred in note 51.1 and 51.2 above.

**Note No. 52**

**Consolidation of Subsidiaries**

**Note No. 52.1**

**Earthood UK Limited**

Under the provisions of Companies Act, 2006 of United Kingdom, the Earthood UK Limited is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 30th September, 2024 and years ended 31st March 2024, 31st March, 2023 and 31st March 2022. This Subsidiary is not required to obtain an audit of its financial statements for the period ended 30th September, 2024 and years ended 31st March 2024, 31st March, 2023 and 31st March 2022 in accordance with Section 476 of the Companies Act 2006 of United Kingdom.

Management of the Earthood UK Limited have prepared Audited Special Purpose Financial Statements, solely to enable Holding Company to prepare its Consolidated Financial Statements for the period ended 30th September, 2024 and years ended 31st March 2024, 31st March, 2023 and 31st March 2022 in accordance with Indian Companies Act, 2013.

**Note No. 52.2**

**Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi**

This Subsidiary is exempted from Audit under the applicable provisions of Türkiye Law. Hence, management of Subsidiary has prepared Financial Statements of the subsidiary solely to enable Holding Company to prepare its Consolidated Financial Statements for the period ended 30th September, 2024 and years ended 31st March 2024, 31st March, 2023 in accordance with Indian Companies Act, 2013.

It is not a material subsidiary.

**Note No. 52.3**

**Earthood Rus Limited Liability Company**

This Subsidiary is exempted from Audit under the applicable provisions of Russian Law. Hence, management of Subsidiary has prepared Financial Statements of the subsidiary solely to enable Holding Company to prepare its Consolidated Financial Statements for the period ended 30th September, 2024 in accordance with Indian Companies Act, 2013.

It is not a material subsidiary.

**Note No. 52.4**

**Earthood Green Environmental Consultants & Studies L.L.C**

There are No financial transactions during the period 30th September 2024.

It is not a material subsidiary.

**Note No. 53**

**Statement of adjustments to the consolidated audited financial statement**

**Notes to adjustments:**

**53.1 Audit Qualification for the year ended 31st March 2024**

We draw attention to Note No. 53 of Consolidated Financial Statements as at 31st March 2024. As explained in Note, Consolidated Financial Statements for F.Y. 2021-22 & FY 2022-23 presented in these Consolidated Financial Statements as comparative Financial Statements are restated to Ind AS on adoption First Time Adoption of Ind AS of the Holding Company based on Consolidated Financial Statements of respective years provided by Holding Company which were prepared under applicable Accounting Standards.

We have been informed by the Management that these Consolidated Financial will be adopted in ensuing Annual General Meeting and Holding Company will be taking steps to apply for Compounding of Offences for defaults to Registrar of Companies, NCT of Delhi & Haryana, under applicable provisions of the Companies Act, 2013.

**Audit Qualification for the year ended 31st March 2023 and 31st March 2022: NIL**

**53.2 Emphasis of matters not requiring adjustments to Restated Consolidated Financial Information**

**Emphasis of matter for the year ended 31st March 2024**

- i. We draw attention to Note No. 51.1 regarding pending approval of regularization by Reserve Bank of India (RBI) of investments made by Company in subsidiary, Earthood UK limited, United Kingdom.
- ii. We draw attention to Note No. 51.2 regarding non reporting to Reserve Bank of India (RBI) of investments by the Company in subsidiary, Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi, Republic of Türkiye, which company is in process of filing application for regularisation.

**Emphasis of matter for the year ended 31st March 2023 and 31st March 2022: NIL**

**53.3 Other Matter Paragraph not requiring adjustments to Restated Consolidated Financial Information**

**Other Matter Paragraph for the for the year ended 31st March 2024**

- i. The consolidated financial statements of the company for the year ended 31st March 2023, were audited by another auditor who expressed an unmodified opinion on those statements vide Independent Auditor's Report dated 1st September 2023.
- ii. The consolidated financial statements of the company for the year ended 31st March 2022, were audited by another auditor who expressed an unmodified opinion on those statements vide Independent Auditor's Report dated 30th August 2022.
- iii. The comparative financial information of the Company for the years ended 31st March, 2023 and 31st march, 2022 included in these consolidated financial statements, are based on the statutory consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2021 audited by the predecessor auditor whose report for the year ended 31st March 2023, dated 1st September, 2023 and for the year ended 31st March 2022, dated 30th August, 2022, expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to one previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2021 to comply with Ind AS have been audited by us.
- iv. We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets total revenues and net cash inflows for the year ended on that date, as considered in the consolidated financial statements.

Particulars	As at/ for the year ended 31st March 2024
Total assets	₹ 23.97 Lakh
Total revenue	₹ 23.71 Lakh
total net profit after tax of	₹ 4.65 Lakh
Net cash inflows/ (outflows)	₹ 8.55 Lakh

This financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Subsidiary is solely on the basis of such unaudited financial statements / financial information. In our opinion and according to the information and explanation given to us by the Management, this financial statements / financial information is not material to the Group.

- v. During the year Group noted certain errors appearing since 1st April 2022, consequently Group corrected these errors as per Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" by restating each of the affecting financial statement line items for prior periods. Refer Note No. 50.

**53.4 Other Matter Paragraph for the for the year ended 31st March 2023 and 31st March 2022**

The Financial Statements of the Subsidiary Companies have been audited by us as per the financial information furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of subsidiary and our report in terms of Section 143(3), in so far as it relates to the aforesaid subsidiaries, is not modified.

EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)  
Notes to Restated Consolidated Financial Information  
(All Amount in ₹ in Lakhs unless otherwise stated)

**Note No. 54**

**54.1 Details of Non-Controlling Interest (NCI)**

The table below shows details relating to Non-Controlling Interest in the entity which are not wholly-owned by the Group.

Particulars	Relationship	Functional Currency	Proportion of ownership interests and voting rights held by the NCI		
			As at 30th September, 2024	As at 31st March, 2024	As at 31st March, 2023
Earthood UK Limited	Subsidiary	GBP	-	-	9.10%
Earthood Rus Limited Liability Company	Subsidiary	RUB	49%	-	-

**Accumulated Non Controlling Interest**

Particulars	Earthood UK Limited		Earthood Rus Limited Liability Company
	As at 31st March, 2024	As at 31st March, 2023	As at 30th September 2024
Opening Balance	25.67	-	-
Add: Addition due to issue of Shares to NCI	-	22.82	0.04
Add: Addition during the year	8.36	2.85	(3.94)
Less: Transfer of shares of NCI to Holding Company*	(34.03)	-	-
<b>Total</b>	<b>-</b>	<b>25.67</b>	<b>(3.90)</b>

\* During Financial Year 2023-24 the Holding Company has acquired 10 Class B Ordinary Share of subsidiary Earthood UK Limited from one of the shareholder of the UK subsidiary. Accordingly, the balances under Non Controlling Interest were reclassified to Retained Earnings of the Holding Company.

54.2 Information of subsidiaries of Holding Company at 30th September, 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of shares that are held directly by the Holding Company. Country of incorporation or registration is also their principal place of business.

Name of Entity	Ownership interest held by the Company					
	Country of Incorporation	Functional Currency	As at 30th September, 2024	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022
Earthood UK Limited	United Kingdom	GBP	100%	100%	90.90%	100%
Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi	Türkiye	TRY	100%	100%	100%	N.A
Earthood Rus Limited Liability Company	Russia	RUB	51%	N.A	N.A	N.A
Earthood Green Environmental Consultants & Studies L.L.C*	U.A.E	AED	100%	N.A	N.A	N.A

\* The Company has incorporated a wholly owned Subsidiary in U.A.E, Earthood Green Environmental Consultants & Studies L.L.C during the period ended 30th September 2024. Share Capital is yet to be paid.

Dividend received from Subsidiary companies ` Nil (previous years ` Nil)

54.3 Summarized Financial Information for Subsidiary companies before intragroup eliminations, is set out below:

Particulars	Earthood UK Limited				Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi			Earthood Rus Limited Liability Company	Earthood Green Environmental Consultants & Studies L.L.C
	As at 30th September, 2024	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2022	As at 30th September, 2024	As at 31st March, 2024	As at 31st March, 2023	As at 30th September, 2024	As at 30th September, 2024
Non-Current Assets	-	-	-	-	0.48	-	-	-	-
Current Assets	304.42	306.55	105.66	106.87	25.62	23.97	2.23	3.53	-
<b>Total Assets (A)</b>	<b>304.42</b>	<b>306.55</b>	<b>105.66</b>	<b>106.87</b>	<b>26.10</b>	<b>23.97</b>	<b>2.23</b>	<b>3.53</b>	<b>-</b>
Non-Current Liabilities	-	-	-	-	-	-	-	-	-
Current Liabilities	110.23	115.43	99.60	-	34.96	21.19	4.94	11.33	-
<b>Total Liabilities (B)</b>	<b>110.23</b>	<b>115.43</b>	<b>99.60</b>	<b>-</b>	<b>34.96</b>	<b>21.19</b>	<b>4.94</b>	<b>11.33</b>	<b>-</b>
<b>Net Assets (Equity) C= (A-B)</b>	<b>194.19</b>	<b>191.12</b>	<b>6.06</b>	<b>106.87</b>	<b>(8.86)</b>	<b>2.78</b>	<b>(2.71)</b>	<b>(7.80)</b>	<b>-</b>
Equity Attributable to Owners of the Holding Company	194.19	191.12	0.06	106.87	(8.86)	2.78	(2.71)	(3.98)	-
<b>Non - Controlling Interest</b>	<b>-</b>	<b>-</b>	<b>6.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.82)</b>	<b>-</b>

EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)  
Notes to Restated Consolidated Financial Information  
(All Amount in ₹ in Lakhs unless otherwise stated)

Note No. 55

Additional Information in pursuant to Schedule III of the Companies Act, 2013

For the year ended 30th September 2024

(₹ in Lakhs)

S. No	Name of the Entity	Ownership Interest (Shares Held)	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
			As % of Consolidated net	Amount	As % of consolidated	Amount	As % of Consolidated	Amount	As % of Total Comprehensive	Amount
1	<b>Holding Company</b>	-	95.51%	3,775.96	104.62%	567.72	100.00%	268.15	103.09%	835.87
2	<b>Subsidiaries</b>									
	Foreign									
	<b>Earthood UK Limited</b>	100.00%	4.91%	194.19	-1.20%	(6.54)	-	-	-0.81%	(6.54)
	Non - Controlling Interest in Subsidiary	0.00%					-	-	0.00%	-
	<b>Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi</b>	100.00%	-0.22%	(8.86)	-1.93%	(10.47)	-	-	-1.29%	(10.47)
	Non - Controlling Interest in Subsidiary	0.00%								
	<b>Earthood Rus Limited Liability Company</b>	51.00%	-0.10%	(3.98)	-0.76%	(4.10)	-	-	-0.51%	(4.10)
	Non - Controlling Interest in Subsidiary	49.00%	-0.10%	(3.82)	-0.73%	(3.94)	-	-	-0.49%	(3.94)
	<b>Earthood Green Environmental Consultants &amp; Studies L.L.C</b>	100.00%	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	Non - Controlling Interest in Subsidiary	0.00%	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	<b>TOTAL</b>		100%	3,953.50	100%	542.68	100%	268.15	100%	810.82

For the year ended 31st March,2024

(₹ in Lakhs)

S. No	Name of the Entity	Ownership Interest (Shares Held)	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
			As % of Consolidated net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
1	<b>Holding Company</b>	-	93.85%	2,959.36	87.98%	1,701.22	100.00%	80.69	88.46%	1,781.91
2	<b>Subsidiaries</b>									
	Foreign									
	<b>Earthood UK Limited</b>	100.00%	6.06%	191.13	11.35%	219.37	-	-	10.89%	219.37
	Non - Controlling Interest in Subsidiary*	0.00%			0.43%	8.36	-	-	0.43%	8.36
	<b>Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi</b>	100.00%	0.09%	2.78	0.24%	4.65	-	-	0.23%	4.65
	Non - Controlling Interest in Subsidiary*	0.00%								
	<b>TOTAL</b>		100%	3,153.27	100.00%	1,933.60	100.00%	80.69	100%	2,014.29

\* During Financial Year 2023-24 the Holding Company has acquired 10 Class B Ordinary Share of subsidiary Earthood UK Limited from one of the shareholder of the UK subsidiary. Accordingly, Non Controlling Interest as at 31st March 2024 reduced to Nil.

EARTHOOD SERVICES LIMITED (Formerly Known as Earthood Services Private Limited)  
Notes to Restated Consolidated Financial Information  
(All Amount in ₹ in Lakhs unless otherwise stated)

For the year ended 31st March,2023

(₹ in Lakhs)

S. No	Name of the Entity	Ownership Interest (Shares Held)	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
			As % of Consolidated net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of Consolidated Other	Amount	As % of Total Comprehensive Income	Amount
1	<b>Holding Company</b>	-	94.81%	1,196.49	84.22%	904.12	100.00%	1.35	84.24%	905.47
2	<b>Subsidiaries</b>									
	Foreign									
	<b>Earthood UK Limited</b>	100.00%	4.93%	62.23	15.88%	170.51	-	-	15.86%	170.51
	Non - Controlling Interest in Subsidiary*	0.00%	0.48%	6.00	0.27%	2.85			0.27%	2.85
	<b>Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketi</b>	100.00%	-0.21%	(2.71)	-0.36%	(3.90)			-0.36%	(3.90)
	Non - Controlling Interest in Subsidiary*	0.00%								
	<b>TOTAL</b>		100%	1,262.02	100.00%	1,073.58	100.00%	1.35	100%	1,074.93

For the year ended 31st March,2022

(₹ in Lakhs)

S. No	Name of the Entity	Ownership Interest (Shares Held)	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
			As % of Consolidated net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of Consolidated Other	Amount	As % of Total Comprehensive Income	Amount
1	<b>Holding Company</b>	-			16.42%	21.05	100.00%	14.00	24.65%	35.05
2	<b>Subsidiaries</b>									
	Foreign									
	<b>Earthood UK Limited</b>	100.00%			83.58%	107.15	-	-	75.35%	107.15
	Non - Controlling Interest in Subsidiary*	0.00%								
	<b>TOTAL</b>		0%	392.22	100.00%	128.20	100.00%	14.00	100%	142.20

**Note No. 56**

56.1 Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, as part of the audit report, was not issued for the year 2022-23 and 2021-22.

56.2 Statement on the matters specified in paragraphs 3 & 4 as required by the companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, as part of audit report, was not issued for the year 2022-23 and 2021-22.

**Note No. 57****Significant Events after 1st April 2024**

The Holding Company has converted it self from Private Limited to Public Limited, pursuant to a special resolution passed in the extra ordinary general meeting of the shareholders of the Holding Company held on 9 July, 2024 and consequently the name of the Holding Company has changed to "Earthood Services Limited" pursuant to a fresh certificate of incorporation issued by ROC on 23rd September, 2024.

Subsequent to period end March 31, 2024, the Holding Company has allotted 1,43,09,998 equity shares of ₹ 10/- each were issued as fully paid Bonus Shares with right pari passu with existing equity share as approved by Shareholders of the Holding company by passing an Ordinary Resolution in Extra Ordinary General Meeting held on 9th July, 2024.

**Note No. 58****Recent Accounting Pronouncement**

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 12th August 2024, MCA amended the Companies (Indian Accounting Standards) Rules, 2015. The Specific updates include modifications to Ind AS 101, Ind AS 103, removal of Ind AS 104 and introduction of Indian Accounting Standard (Ind AS) 117 "Insurance Contracts". The Group does not expect any significant impact of these amendment on its Financial Information.

**Note 59****Non Compliances of the Companies Act, 2013**

59.1 The Holding Company had availed a working capital loan of ₹ 87 lakhs from Kotak Mahindra Bank on 20th September 2019 which was repaid on 23rd September 2023. Additionally, the company had availed car loan of ₹ 20,00,000/- (Rupees Twenty Lakhs only) on 08th February 2021 from ICICI Bank and had duly repaid the loan on 15th March 2023.

The Holding Company had failed to file CHG-1 and CHG-4 for creation and satisfaction of Charge against both the loans pursuant to Section 77 and 82 of the Companies Act, 2013.

Also the Holding Company has identified certain defaults due to oversight from FY 2012-13 to 2023-24 in non filing/ omissions/ incorrect information in various Forms to be filed with Registrar of Companies, Delhi and Haryana. Vide letter dated 21st November, 2024 Holding Company has intimated above oversights in compliances to Regional Director (Northern Region).

In opinion of the management this will not have material impact on financial statements.

59.2 The Holding Company failed to file e-form ADT-1 with the Registrar of Companies for appointment of Previous Auditor M/s Tinu Sood & Company for FY 2020-21 and FY 2021-22, therefore defaulting the provisions of Section 139 of the Act.

The Holding Company has filed e-form ADT-1 with the Registrar of Companies for the appointment of M/s Tinu Sood & Company as the Auditor for FY 2021-22 and FY 2020-21 on 27th May, 2024.

The Holding Company and its officers in defaults have filed compounding application with the Regional Director, Northern Region.

59.3 It has been inadvertently reported in Audit report of the Holding Company as at 31st March, 21 "that Holding Company is not a Going Concern as the holding company did not carry out any business activity during the past several years and has not drawn any plan to carry on business in future."

The Holding Company has obtained a clarification letter dated 3rd June 2024 from the Auditor of the holding company, which inter-alia confirms that the holding company was a going concern entity and such incorrect statements in the Board Report was a clerical error.

As the Holding Company has defaulted on the provisions of Section 143(2) of the Act, the company has filed compounding application u/s 147 of the Act before Regional Director (Northern Region).

59.4 The Holding Company along with Two Directors and One former Director has filed suo moto joint application under section 454 of the companies act, 2013 for adjudication of penalties for default made under section 92 of the companies act, 2013 for non disclosures/incorrect disclosures in Annual Return(MGT-7/MGT-7A) for financial years 2018-19 to 2022-23.

59.5 The Holding Company along with Two Directors and One former Director has filed suo moto joint application under section 454 of the companies act, 2013 for adjudication of penalties for default made under section 134 of the companies act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 for non disclosures/incorrect disclosures in Director's Report for financial years 2018-19 to 2022-23.



**Note No. 60**

**Compounding under section 441 of the Companies Act, 2013 for default committed under section 129(3) of Companies Act 2013 before the Regional Director (Northern Region)**

Holding Company was required to prepare the Consolidated Financial Statements for the Financial Year 2021-22 in accordance with Section 129 of the Companies Act, 2013, as the Company had acquired interest in Equity Shares of the Subsidiary Company Earthood UK Limited during F.Y. 2021-22.

Holding Company prepared and Board of Directors of Holding Company, approved Audited Consolidated Financial Statements for Financial Year 2021-22 incorporating the subsidiary, Earthood UK Limited, but missed to present such Consolidated Financial Statements in the Annual General Meeting of the Members held on 30th September 2022 for adoption.

In respect of FY 2022-23, Holding Company was required to prepare Consolidated Financial Statements in accordance with Section 129 of the Companies Act, 2013, as the Company had investment in Subsidiary Company Earthood UK Limited and also acquired interest in Equity Shares of the another Subsidiary Company, Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketiduring during F.Y. 2022-23.

For F.Y. 2022-23, Holding Company had prepared, and Board of Directors of the Holding Company approved two set of Consolidated Financial Statements, one Consolidating Financial Statements of Holding Company with Subsidiary Company Earthood UK Limited and another Consolidating Financial Statements of Holding Company with both Subsidiary Companies, Earthood UK Limited and Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketiduring. However, Holding Company due to oversight presented Consolidated Financial Statements of Holding Company with only one Subsidiary Company Earthood UK Limited to the members of the Holding Company for adoption which was duly adopted by the Members of the Holding Company in the Annual General Meeting held on 30th September 2023, whereas the Consolidated Financial Statements consolidating both the subsidiaries were missed out to be presented to the members on the said AGM.

The Holding Company has adopted Consolidated Financial Statements for Financial Year 2021-22 incorporating the subsidiary, Earthood UK Limited and Consolidated Financial Statements (Consolidating Financial Statements of Holding Company with Subsidiary Company Earthood UK Limited & Subsidiary Company Earthood Karbon Ve Çevresel Sertifikasyon Hizmetleri Anonim Sirketiduring) for Financial Year 2022-23 in Annual General Meeting of the Holding Company held on 30th September, 2024 and made application under section 441 of the Companies Act 2013 for compounding of default committed under section 129(3) of Companies Act 2013 before the Regional Director (Northern Region).

Vide order dated 16th December, 2024, Regional Director (Northern Region) has compounded the aforesaid offence and the compounding fees levied on the directors in respect thereof has been paid as on date.

**Note No. 61**

**Material regrouping/reclassification**

Appropriate regrouping/reclassification have been made in the Restated Consolidated Statement of Assets and Liabilities, Restated Consolidated Statement of Profit and Loss and Restated Consolidated Statement of Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification prepared in accordance with Schedule III (Division II) of the Act, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

**Note No. 62**

There are no subsequent events that have occurred after the reporting period of approval of these Restated Consolidated Information except for as disclosed in Note No.60

**As per our report of even date**

**For JAGDISH CHAND & CO.**

**Chartered Accountants**

**Firm Registration Number : 000129N**

**(Pawan Kumar)**

**Partner**

**Membership Number: 511057**

**Place of signing: Gurugram**

**Date: 17-12-2024**

**For Earthood Services Limited**

**Kaviraj Singh**

**DIN-03348070**

**Executive Director**

**Manish Singh Negi  
(Chief Financial Officer)**

**Place of signing: Gurugram**

**Date: 17-12-2024**

**Ashok Kumar Gautam**

**DIN-06715620**

**Executive Director**

**Vishaka Jalan  
(Company Secretary and  
F11984**

## OTHER FINANCIAL INFORMATION

Particulars	For the six months period ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Basic EPS (in ₹)	2.28	8.11	4.50	0.54
Diluted EPS (in ₹)	2.25	8.11	4.50	0.54
Return on net worth (%)	13.71%	61.32%	86.83%	32.69%
Net asset value per equity share (in ₹)	16.59	13.22	5.18	1.64
EBITDA (₹ in Lakhs)	864.52	2729.42	1394.41	201.57
EBITDA Margin (%)	39.34%	57.85%	42.84%	19.90%

*Notes: The ratios have been computed as under:*

1. Basic and diluted EPS: Restated profit for the year attributable to equity shareholders of the Company divided by total weighted average number of equity shares outstanding at the end of the year. Basic and diluted EPS are computed in accordance with Ind AS 33 – Earnings per share.
2. Return on Net Worth: Restated profit attributable to equity shareholders of parent for the relevant year / period as a percentage of Net Worth as of the last day of the relevant year / period.
3. Net assets value per share (in ₹): Net asset value per share is calculated by dividing Net Worth as of the end of relevant year/ period divided by the number of equity shares outstanding at the end of the year / period adjusted for the Impact of Bonus issue after end of the year/period but before the date of filing of this Draft Red Herring Prospectus.
4. EBDITA means Profit before depreciation, finance cost, tax and amortization.
5. EBITDA Margin is calculated as EBITDA for a given year as a percentage of total income for that year.
6. Accounting and other ratios are derived from the Restated Consolidated Financial Statements.
7. Our Company have issued three bonus shares of face value ₹ 10 each for every two existing fully paid-up equity share of face value ₹ 10 each on July 09, 2024. The impact of issue of bonus shares are retrospectively considered for the computation of earnings per share as per the requirement of Ind AS 33.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at September 30, 2024, on the basis of the Restated Consolidated Financial Statements and as adjusted for the Offer. This table should be read in conjunction with "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 37, 239 and 319, respectively.

(₹ in Lakhs, except ratio)

Particulars	Pre-Offer as at September 30, 2024	As adjusted for the Offer <sup>#</sup>
Total equity		
Equity share capital*	2,385.00	[●]
Other equity*	1,568.50	[●]
<b>Total Equity (A)</b>	<b>3,953.50</b>	<b>[●]</b>
Total borrowings		
Current borrowings*	9.01	[●]
Non-current borrowings (including current maturity and interest accrued and due on borrowings)*	0.00	[●]
<b>Total Borrowings (B)</b>	<b>9.01</b>	<b>[●]</b>
<b>Total (A+B)</b>		
	<b>3,962.51</b>	<b>[●]</b>
<b>Non-current borrowings (including current maturity and interest accrued and due on borrowings)/Total Equity ratio</b>	<b>0.00</b>	<b>[●]</b>
<b>Total borrowings/ Total equity ratio</b>	<b>0.002</b>	<b>[●]</b>

\* The amounts disclosed above are based on Restated Consolidated Financial Statements of our Company.

# The corresponding post offer capitalisation data for each of amounts mentioned in the above table is not determinable at this stage pending the completion of book building process and hence the same has not been provided in above table. To be updated upon finalization of the Offer Price.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion in conjunction with our Restated Consolidated Financial Statements included herein as of the period ended September 30, 2024, Fiscal 2024, 2023 and 2022, including the related notes, schedules and annexures on page 239. Our Restated Consolidated Financial Statements have been prepared in accordance with Ind AS, Section 26 of the Companies Act, the SEBI ICDR Regulations and the Guidance Note. Ind AS differs in certain material respects from Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS. As a result, the Restated Consolidated Financial Statements may not be comparable to our historical financial statements.*

*We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Consolidated Financial Statements or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Restated Consolidated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.*

*This discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. You should also read "Forward-Looking Statements" and "Risk Factors" on pages 26 and 37, respectively, which discuss a number of factors and contingencies that could affect our business, financial condition and results of operations. Our Financial Year ends on March 31 of each year and accordingly, references to Financial Year, are to the 12-month period ended March 31 of the relevant year.*

*Unless the context otherwise requires, in this section, references to "we", "us", "our", "the Company" or "our Company" refers to Earthood Services Limited.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of ESG Advisory Services and Carbon Markets" dated September 2024 (the "**CRISIL Report**"), prepared and issued by CRISIL and exclusively commissioned and paid for by us in connection with the Issue. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factor No. - Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned and paid by us for such a purpose." beginning on page 61. Also see, "Currency Conventions, Currency of Presentation, Use of Financial Information, Industry and Market Data" beginning on page 22.*

### OVERVIEW

We are a globally recognised company engaged in certifying environmental attributes primarily providing carbon validation and verification services; and Environmental, Social and Governance (ESG) advisory and assurance services to customers in India and overseas. Earthood has been ranked as the "Best Verification Company" by Environmental Finance, an online news and analysis service, in the Voluntary Carbon Market Rankings 2023 and 2024 (Source: CRISIL Report). Additionally, we also provide advisory services in relation to formation and promotion of Farmer Producer Organisations (FPOs), entities created, owned and managed by farmers, which constitutes a minor portion of our revenues.

We have been accredited by United Nations Framework Convention on Climate Change ("UNFCCC") as a Designated Operational Entity (DOE) since Fiscal 2014. Further, we have been accredited by Global Accreditation Bureau (GAB) and American National Accreditation Board (ANAB) as a Validation and Verification Body (VVB)

since Fiscal 2023 and 2024 respectively. Our accreditation authorizes us to provide services in relation to certification of carbon offset projects under 15 registries including some of the major global registries such as Voluntary Carbon Standard (VERRA), Gold Standard (GS) and Global Carbon Council (GCC). Our Company leverages the above registered status to attract potential clients through visibility on websites of the registries / standards. Our Company's listing on leading carbon registries' websites serves as a powerful marketing tool and drives organic lead generation while minimizing customer acquisition costs. Building on our experience and expertise, we recognize the urgent need for climate action and are committed to supporting global efforts to mitigate climate change. In furtherance of our objectives, we have achieved carbon neutrality for our Scopes 1, 2 and 3 emissions in September 2024.

Climate change is a significant global threat caused by human activities by increasing Green House Gas (GHG) concentrations in the atmosphere, leading to the Earth's gradual warming. To combat the threats of climate change, the United Nations Framework Convention on Climate Change (UNFCCC) was established in 1992 to stabilize atmospheric GHG concentrations and prevent dangerous climate interference. The Intergovernmental Panel on Climate Change (IPCC), established by United Nations Environment Program (UNEP) and World Meteorological Organization (WMO), emphasized human influence has unequivocally warmed the planet and urging immediate reductions in GHG emissions to limit global warming to 1.5 degrees Celsius.

The global response to climate change has evolved significantly over the years, culminating in key international agreements that aim to reduce GHG emissions and mitigate its impacts. The Kyoto Protocol was adopted in 1997 which operationalizes the UNFCCC by committing industrialized countries and economies in transition to limit and reduce GHG emissions in accordance with agreed individual targets. Subsequently, the Paris Agreement was adopted in 2015 which is a landmark international agreement aimed at addressing climate change and its impacts. Unlike the Kyoto Protocol which set binding targets only for developed countries, the Paris Agreement involves commitments from all countries to reduce GHG emissions, with each country determining its own nationally determined contributions (NDCs) based on its circumstances. Article 6.2 of the Paris Agreement ensures that GHG emission reductions and removals are not double-counted under multiple NDCs. Article 6.4 defines a mechanism similar to CDM, allowing countries with low emissions to sell excess allowances to other parties, promoting international cooperation and transparency. The rulebook for the new market-based mechanism under Paris Agreement is under development. These agreements and mechanisms aim to mitigate climate change by reducing GHG emissions and promoting sustainable development. Carbon markets are an essential mechanism for accelerating decarbonization and serve as a tool to help reduce GHG emissions through mechanisms like cap-and-trade or carbon pricing.

Companies worldwide are facing growing pressure to reduce their emissions and set their Net-Zero targets. This pressure is pushing them to invest in offsetting the emissions and therefore relying on high-quality, independently verified carbon credits. Carbon credits are units that are generated through implemented mitigation activities that result in reducing the GHG emissions over and above the baseline (*Source: CRISIL Report*). Carbon credits can also represent emission removals from the atmosphere, such as sequestering carbon through afforestation or directly capturing carbon from the air and storing it. Each carbon credit represents one ton of carbon dioxide equivalents (CO<sub>2</sub>e) reduced or removed. As the demand for carbon credits soars, so does the demand for rigorous verification and certification (*Source: CRISIL Report*).

Carbon pricing serves as a crucial tool in combating climate change by making pollution more costly, thereby incentivizing businesses and countries to adopt cleaner energy and sustainable practices. As carbon pricing gained momentum, a clear distinction emerged between two main types of carbon markets i.e., Voluntary and Regulatory carbon markets. We provide carbon validation and verification services to clients in both voluntary and regulatory carbon markets, who operate in the sectors approved by UNFCCC or the relevant registries / standards, as the case may be.

**Voluntary Carbon Market:** Operating outside government regulations, these markets enable companies and individuals to offset their carbon footprint by purchasing carbon credits from verified projects. This market allows corporations and individuals to take climate action beyond regulatory requirements. Companies participating in

these markets voluntarily compensate for their emission footprint by purchasing equivalent offset credits. Our Company is registered with recognized standards / registries including VERRA, Gold Standard, American Carbon Registry, Global Carbon Council, Puro Earth and International Carbon Registry.

**Regulatory Carbon Market:** The regulatory market, also known as compliance carbon market, aims to establish a carbon price by laws or regulations which control the supply of allowances that are then distributed by national, regional and global regimes. Governments establish these markets to control emissions within their jurisdiction, typically using cap-and-trade systems. A limit (cap) is set on total emissions and companies can buy and sell permits (credits) to stay under the cap. This system allows for flexibility in achieving emissions reduction goals while providing a market-based solution.

The following table sets forth a breakup of our consolidated revenue from operations in the regulatory and voluntary market in absolute terms and as a percentage of our consolidated revenue from operations:

*(₹ in Lakhs, except percentages)*

Particulars	For the six months period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Voluntary Carbon Market	1,963.66	97.76	4,169.00	96.56	2,541.08	88.12	542.48	64.81
Regulatory Carbon Market	45.00	2.24	148.50	3.44	342.72	11.88	294.49	35.19
<b>Total</b>	<b>2,008.66</b>	<b>100.00</b>	<b>4,317.50</b>	<b>100.00</b>	<b>2,883.80</b>	<b>100</b>	<b>836.97</b>	<b>100</b>

We categorize our carbon validation and verification services into the following broad sectors:

- (a) **Renewable Energy:** Verification and validation of all projects that fall under the sectoral scope pertaining to energy generation from renewable energy resources primarily involving solar (thermal and pv), hydro power and wind energy projects. We perform both validation and verification services under different registries / standards which involve assessing technical, financial, environmental and social aspects of the project through document review as well as site visits.
- (b) **Energy Demand:** We provide services to projects involving installation and distribution of energy efficiency technologies. All distribution projects, which involve household level CEPs (clean energy products) like improved cookstoves (electrical / fossil fuel/clean fuel run), water purification systems, solar lighting systems and others, fall under its ambit.
- (c) **Forestry and Agriculture:** We focus on providing validation and verification services to a range of projects, including afforestation, reforestation, and revegetation; agricultural land management; improved forest management; reduced emissions from deforestation and degradation; avoided conversion of grasslands and shrublands; and wetlands restoration and conservation.
- (d) **Waste and Others:** We focus on validation and verification of landfill gas, biogas, and biomass-based energy generation projects under sectoral scope pertaining to waste handling and disposal. Additionally, we provide services to other projects such as electric vehicle charging networks, carbon sequestration through concrete recycling, etc..

The following table sets forth a breakup of our consolidated revenue from operations in absolute terms based on the sectoral coverage for the indicated periods:

*(₹ in Lakhs)*

Sector	For the period of six months ended on September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Renewable Energy	593.06	578.29	748.24	305.95
Forestry and Agriculture	675.27	999.20	368.03	71.54
Energy Efficiency	411.01	2,184.15	1,393.13	339.46
Waste and Others	329.32	555.86	374.40	120.02
<b>Total</b>	<b>2,008.66</b>	<b>4,317.50</b>	<b>2,883.80</b>	<b>836.97</b>

We are also engaged in the business of providing ESG advisory and assurance services to customers in India and overseas which include lifecycle assessment services, sustainability, climate risk assessment services and creating detailed ESG roadmaps. As part of this, the Company has undertaken notable projects like certifying the Delhi Metro Rail Corporation's headquarters, Metro Bhawan, as carbon neutral. Further, the Company has also conducted environmental audits for the Indian Army's Pulgaon military railway station to provide recommendations for CO2 emissions reductions.

Several factors are driving the demand for ESG auditing and verification services. A significant driver is the growing demand for verified ESG data from investors. Investors are increasingly using ESG data to inform their investment decisions and verified data provides confidence that the information is reliable. Additionally, regulatory pressures are mounting, with directives like the EU Corporate Sustainability Reporting Directive (CSRD) mandating sustainability reporting and verification for certain companies. This regulatory landscape is compelling companies to adopt verified ESG reporting practices. *(Source: CRISIL Report)*

Our presence spans across five locations, with offices in India, United Kingdom (UK), Russia, Turkey and the United Arab Emirates (UAE), serving over more than 400 clients across 132 countries in the last 3 Fiscals. Since our inception in 2012, we have experienced steady growth in our international reach, with an increasing number of clients in diverse countries. We have expanded our global client base significantly from 89 countries as of March 31, 2022 to 100 countries as of March 31, 2023, and further to 132 countries as of September 30, 2024.

We have recorded a net margin of 24.79% and an operating EBITDA margin of 39.11% during the six months ended September 30, 2024. Our Company has seen a four-fold increase in its revenue between Fiscal 2022 and Fiscal 2024. For the six months period ended September 30, 2024 and Fiscals 2024, 2023 and 2022, our consolidated revenue from operations was ₹2189.13 Lakhs, ₹4679.34 Lakhs, ₹3239.29 Lakhs and ₹1011.17 Lakhs, respectively and our profit after tax was ₹542.68 Lakhs, ₹1933.60 Lakhs, ₹1073.58 Lakhs and ₹ 128.20 Lakhs, respectively.

Our management team, led by our Promoters, Dr. Kaviraj Singh and Mr. Ashok Kumar Gautam, have 17 and 23 years' experience respectively, in the energy, environment and climate change sector. Our Promoters embarked together on their journey in 2012 by incorporating our Company with a mission to combat climate change and support companies in achieving net-zero goals with focus on carbon offset validation, verification and certification services. In furtherance of this mission, our Company introduced sustainability services in 2017 by conducting energy audits, water audits and electrical safety. Additionally, our Company expanded its offerings in 2021 to include FPO advisory services, followed by expansion of our sustainability services to include ESG advisory and assurance services. Our group of 56 validators and verifiers (as on November 30, 2024) have sectoral expertise which gives us a competitive edge and increased bandwidth to handle multiple projects.

### Key Performance Indicators

Sr No.	Metric	As of and for the period	As of and for the Fiscal		
			2023	2022	2021

		<b>ended September 30, 2024*</b>			
<b>1</b>	Revenue From operations (₹ in Lakhs)	2,189.13	4,679.34	3,239.29	1,011.17
<b>2</b>	Total Income (₹ in Lakhs)	2,197.48	4,717.71	3,254.67	1,012.67
<b>3</b>	Operating EBITDA (₹ in Lakhs)	856.17	2,691.06	1,379.04	200.07
<b>4</b>	Operating EBITDA Margin (%)	39.11%	57.51%	42.57%	19.79%
<b>5</b>	Profit/(loss) after tax for the year/ period (₹ in Lakhs)	542.68	1,933.60	1,073.58	128.20
<b>6</b>	Net profit Ratio/ Margin (%)	24.79%	41.32%	33.14%	12.68%
<b>7</b>	Return on Equity (ROE) (%)	13.71%	61.32%	86.83%	32.69%
<b>8</b>	Debt To Equity Ratio	0.00	0.00	0.04	0.26
<b>9</b>	Interest Coverage Ratio	48.58	48.17	146.85	13.39
<b>10</b>	ROCE (%)	19.03%	77.99%	85.95%	33.45%
<b>11</b>	Current Ratio	8.96	7.96	2.99	2.30
<b>12</b>	Net Capital Turnover Ratio	0.57	1.57	2.97	2.88
<b>Operational Metrics</b>					
<b>13</b>	Revenue per employee (₹ in Lakhs)	28.80	73.11	70.42	28.89
<b>14</b>	Mandate conversion ratio (for CVV)	46.69%	49.56%	47.28%	40.13%
<b>15</b>	Number of projects undertaken (for CVV)	104	219	169	60
<b>16</b>	Average contract value (₹ in Lakhs) (for CVV)	20.76	17.18	14.46	7.31
<b>17</b>	<b>Global client base</b>	<b>132</b>	<b>132</b>	<b>100</b>	<b>89</b>

\*Not annualized

Notes:

- a) Revenue from Operations means the Revenue from Operations as appearing in the Restated Consolidated Financial Statements.
- b) Operating EBITDA refers to earnings before interest, taxes, depreciation and amortisation less other income.
- c) Operating EBITDA Margin refers to Operating EBITDA during a given period as a percentage of Revenue from operations during that period.
- d) Net Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our Revenue from operations.
- e) Return on equity (RoE) is equal to profit for the period divided by the net worth and is expressed as a percentage.
- f) Debt to equity ratio is calculated by dividing the total debt (i.e., borrowings (current and non-current) by total equity (which includes issued capital and all other equity reserves).
- g) Interest Coverage Ratio measures our ability to make interest payments from available earnings and is calculated by dividing EBIT (Earnings before interest and taxes) by finance cost.
- h) RoCE (Return on Capital Employed) (%) is calculated as EBIT (Earnings before interest and taxes) divided by capital employed. Capital employed is calculated as net worth, total debt (i.e., borrowings (current and non-current) and lease liabilities (current and non-current) and lease liabilities (current and non-current).
- i) Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.
- j) Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).
- k) Revenue per employee is calculated by dividing the total revenue by the total employee base
- l) Mandate conversion ratio is calculated by dividing the total number of signed contracts by the total number of proposals sent
- m) Average contract value is calculated by dividing the total value of the signed contracts by the total number of signed contracts

## **SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factors” beginning on page 37 of this Draft Red Herring Prospectus.



## **1. *Reliance on carbon verification and validation business***

Our Company is heavily dependent on its carbon verification and validation business in the voluntary carbon market, which accounted for approximately 97.76%, 96.56%, 88.12% and 64.81% of our consolidated revenue from operations from carbon validation and verification services for the period of six months ended September 30, 2024, Fiscals 2024, 2023 and 2022, respectively.

As per the CRISIL Report, the voluntary carbon credit market has been experiencing a period of dynamic growth, driven by a confluence of factors. This demand has propelled the market value to nearly USD 163.6 million in 2023, marking a significant increase from just a few years prior. The Voluntary market accounts for the majority of market share in the global carbon offset and credit validation, verification and certification market. VVC market in the voluntary market is expected to record a CAGR of 25.80% from 2024 to 2030 according to the CRISIL Report.

Our dependency on the organizations' focus on carbon neutrality and climate resilience exposes us to risks pertaining to potential shift in organizational priorities due to changing market conditions or economic pressures. In times of economic uncertainty, companies may reassess their sustainability goals and redirect resources towards more immediate financial concerns, leading to a reduced demand for our carbon verification and validation services. As organizations tighten their budgets, initiatives focused on carbon neutrality and sustainability may be scaled back or eliminated, directly impacting our revenue streams. This shift could be influenced by evolving regulatory landscapes, increased scrutiny of carbon offsetting effectiveness, or negative public perception about the voluntary carbon markets. Further, amendments to existing climate policies, carbon pricing mechanisms, or sustainability standards could alter the demand for carbon verification and validation services. For instance, relaxation of carbon emission standards or introduction of alternative compliance mechanisms could reduce the need for our services. Innovative business models, or new sustainability standards could attract organizations' attention and investment, diverting focus away from traditional carbon offsetting. This competition may lead to price pressures, reduced market share and decreased revenue, emphasizing the need for us to continuously adapt and innovate.

The carbon offset industry has experienced significant growth in recent years, driven by increasing global awareness of climate change and the need for sustainable practices. As governments and corporations strive to meet emission reduction targets, demand for carbon offset services is expected to grow. However, the industry faces potential disruptions from regulatory changes, technological advancements, decline in voluntary approach and shifting market dynamics. A decline in the requirements of our services, whether due to evolving economic downturns, or unforeseen external factors, could adversely impact our ability to increase or effectively manage our sales and have an adverse effect on our business and results of operations.

## **2. *Declining regulatory carbon market***

Our Company provides validation and verification services in both regulatory and voluntary carbon markets. We are vulnerable to adverse developments in the carbon offset industry, including changes in policies or decreased demand.

The global response to climate change, led by the United Nations Framework Convention on Climate Change (UNFCCC), has evolved significantly over the years. The Kyoto Protocol, adopted in 1997, operationalized the UNFCCC by committing industrialized countries and economies in transition to limit and reduce greenhouse gas emissions. Under the Kyoto Protocol, countries were required to meet their targets primarily through national measures or market-based mechanisms including Clean Development Mechanism (CDM). The Paris Agreement, adopted in 2015, is the successor to the Kyoto Protocol's CDM and involves commitments from all countries to reduce greenhouse gas emissions through nationally determined contributions (NDCs). Unlike the Kyoto Protocol which set binding targets for developed countries, the Paris

Agreement involves commitments from all countries to reduce greenhouse gas emissions, with each country determining its own nationally determined contributions (NDCs) based on its circumstances.

Article 6.4 of the Paris Agreement defines a mechanism that can be understood as a modified and ‘improved’ version of the Clean Development Mechanism (CDM). The rules and modalities that govern Article 6.4 mechanism are still being developed. Once they are operational, the Article 6.4 supervisory body will register projects and countries will be able to approve and authorize activities under Article 6.4. (*Source: CRISIL Report*). The lack of clarity on the transition process and timelines from CDM to Article 6.4 mechanism affects our ability to adapt and plan for the future. Furthermore, the regulatory framework governing Article 6.4, including rules, modalities and procedures, remains ambiguous which creates uncertainty about future operational requirements.

As CDM projects transition to the Article 6.4 mechanism under the Paris Agreement, our revenues from regulatory carbon market have seen a downward trend having declined from 35.19% in Fiscal 2022 to 11.88% in Fiscal 2023 to 3.44% in Fiscal 2024 and to 2.06% in six months period ended September 30, 2024. If the regulatory carbon market remains less active or revenues continue to decline, our business may be adversely affected. We monitor market trends, adapt to changing market conditions, regulatory frameworks and customer needs, however, there can be no assurance that we will be able to effectively mitigate the risks associated with the transition of CDM projects to Article 6.4 under the Paris Agreement.

### **3. *Changes in global climate policies or commitments by world economies***

We are vulnerable to policy shifts or reversals by world leaders on climate commitments, which could adversely impact our operations and prospects. The withdrawal of the United States from the Paris Agreement under the Trump administration effective 2020, for instance, demonstrated the potential for policy changes to affect market sentiments, undermine global climate action and raises uncertainty about continuity of global climate actions. Similar policy shifts or reversals in the future could reduce demand for carbon credits and emissions reduction projects, decrease investment in climate change mitigation and adaptation efforts, alter regulatory frameworks and certification standards and increase uncertainty and volatility in the climate change sector.

Furthermore, uncertainty and potential instability in the climate change sector can affect business operators and service providers like us, who depend on predictable and consistent policy frameworks to plan and implement climate-related strategies and investments. This volatility can undermine confidence and investment in climate solutions, impact the effectiveness of global climate action, affect the credibility and reliability of carbon pricing mechanisms and disrupt the development and implementation of climate-resilient infrastructure and technologies. As a result, our ability to operate effectively and provide services to our clients may be compromised, leading to reduced revenue and profitability, decreased demand for our services, increased uncertainty and volatility in our operations, adverse impact on our ability to attract and retain clients and reduced investment in climate change mitigation and adaptation efforts.

The consequences of such policy shifts and uncertainty can be far-reaching, impacting not only our business but also the global efforts to address climate change. Our success depends on our ability to adapt to changing policy landscapes and market conditions. To mitigate these risks, we monitor policy developments and suitably adapt our business strategies, diversify our service offerings to mitigate reliance on specific policies or frameworks, engage with stakeholders to promote climate action and policy stability and maintain flexibility in our operations to respond to changing market conditions. However, there can be no assurance that we will be able to effectively mitigate the risks associated with policy shifts and uncertainty, which could adversely affect our business, financial condition and prospects.

### **4. *Volatility in carbon credit pricing***

We are exposed to risks due to the volatile nature of carbon credit pricing. Carbon pricing is influenced by dynamic interactions between supply and demand, which can fluctuate substantially due to various factors.

This volatility creates uncertainty for companies considering investments in carbon reduction or offset projects, particularly those requiring long-term financial commitments.

When prices are volatile, companies may hesitate to commit to these projects, fearing insufficient returns on investment. This uncertainty can lead to project delays or cancellations, reducing potential revenue from selling carbon credits and affecting project financial viability. As a result, market participation may decrease as companies reassess their involvement in carbon credit markets due to price uncertainty which could have adverse effects on the development and implementation of sustainable projects.

Relatively high price levels in several systems, coupled with an increasing use of auctioning as an allocation method, resulted in yet another record year for the collection of auctioning revenues. Revenues from carbon pricing continued to increase in 2023, exceeding the threshold of USD 100 billion for the first time. Total revenues from carbon taxes and ETSs in 2023 was USD 104 billion, representing an increase of around 4% in real terms. (Source: CRISIL Report)

Companies relying on carbon credit sales to fund these initiatives face significant financial challenges when credit prices drop unexpectedly. Sudden decline in revenues can jeopardize project viability, making it difficult for companies to maintain their commitment to sustainability goals. As a result, new project development may slow down and investment in carbon reduction initiatives may decrease. Decreased market liquidity can reduce trading activity, intensify price volatility and further deter market participation. Moreover, eroded confidence among investors and stakeholders can make it increasingly difficult to secure funding and support for future climate initiatives.

Our business is impacted by the volatility in carbon credit pricing. Reduced market participation, decreased project development and slowed investment in carbon reduction initiatives translate to fewer verification and validation opportunities for our Company which could result in decreased demand for our services and adversely affect our revenue streams and growth prospects.

##### 5. *Skilled employees and attrition rate*

The specialized nature of our services requires a skilled workforce. Significant resources are required for attracting and retaining top talent in these fields, especially as demand for carbon verification and validation continues to grow. The nature of our work involves complex and technical tasks that demand a deep understanding of environmental science, regulatory frameworks and advanced analytical skills. Our validators and verifiers are required to have mandatory qualifications, accreditation knowledge and project audit experience, ensuring our services meet industry standards, regulatory requirements and best practices. As a result, our business operations are heavily dependent on experts who possess the necessary qualifications and experience to navigate these challenges effectively.

We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial results, results of operations and cash flows may be materially and adversely affected. Our employee costs constitute a significant portion of our revenues from operations. Set forth below are our employee benefits expenses, as a percentage of our consolidated revenues from operations, for the Fiscal 2024, 2023 and 2022:

Particulars	September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (in ₹Lakhs)	(%) of revenue from operations	Amount (in ₹Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations	Amount (in ₹ Lakhs)	(%) of revenue from operations
Employee benefits expenses	629.54	28.75	1048.66	22.41	873.32	26.96	373.99	36.99

Our salaries and wages may increase in the future due to various factors, including ordinary course pay increases, inflation, a rise in minimum wage levels, enhancement in social security measures, competition for talent or through changes in regulations in the jurisdictions from where we deliver our services. Our results of operations may be adversely affected if we are unable to pass on such increases in expenses to our customers on a concurrent basis or to charge higher prices when justified by market demand.

We face additional risks related to employee attrition (calculated as the number of employees separated from the Company in the relevant period divided by average number of employees during the relevant period), with rates of 15.71%, 27.27%, 37.04% and 43.64% in six months period ended September 30, 2024, Fiscals 2024, 2023 and 2022, respectively. Except as disclosed in “*Our Management*” on page 217, during the last three Fiscals, we did not experience any attrition of our Key Managerial Personnel or members of our Senior Management. Our failure to recruit, retain and train qualified management, experienced personnel, or to control labour costs, could harm our business and results of operations.

## SIGNIFICANT ACCOUNTING POLICIES

The notes to our Restated Consolidated Financial Statements included those discussed in the section titled “Restated Consolidated Financial Statements” on page 239 of this Draft Red Herring Prospectus contain a summary of our significant accounting policies.

## RESULTS OF OPERATIONS

The following table provides certain information with respect to our results of operations for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 from our Restated Consolidated Financial Statements and each item as a percentage of total income for the periods indicated.

Particulars	For the period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
<b>Income</b>								
Revenue from operations	2,189.13	99.62%	4,679.34	99.19%	3,239.29	99.53%	1,011.17	99.85%
Other income	8.35	0.38%	38.37	0.81%	15.38	0.47%	1.50	0.15%
<b>Total income</b>	<b>2,197.48</b>	<b>100.00%</b>	<b>4,717.71</b>	<b>100.00%</b>	<b>3,254.67</b>	<b>100.00%</b>	<b>1,012.67</b>	<b>100.00%</b>
<b>Expenditure</b>								
Employee benefit expenses	629.54	28.65%	1,048.66	22.23%	873.32	26.83%	373.99	36.93%
Finance Cost	16.99	0.77%	55.47	1.18%	9.24	0.28%	12.34	1.22%
Depreciation and Amortization	39.15	1.78%	57.32	1.21%	37.49	1.15%	36.35	3.59%
Other Expenses	703.42	32.01%	939.62	19.92%	986.94	30.32%	437.11	43.16%
<b>Total expenses</b>	<b>1,389.10</b>	<b>63.21%</b>	<b>2,101.07</b>	<b>44.54%</b>	<b>1,906.99</b>	<b>58.59%</b>	<b>859.79</b>	<b>84.90%</b>
<b>Profit before tax</b>	<b>808.38</b>	<b>36.79%</b>	<b>2,616.64</b>	<b>55.46%</b>	<b>1,347.68</b>	<b>41.41%</b>	<b>152.88</b>	<b>15.10%</b>
Tax expense	265.70	12.09%	683.04	14.48%	274.10	8.42%	24.68	2.44%
<b>Net Profit for the year</b>	<b>542.68</b>	<b>24.70%</b>	<b>1,933.60</b>	<b>40.99%</b>	<b>1,073.58</b>	<b>32.99%</b>	<b>128.20</b>	<b>12.66%</b>

### Total Income

Total Income includes Revenue from operations and Other income. Our total income for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹ 2,197.48 Lakhs, ₹ 4,717.71 Lakhs, ₹ 3,254.67 Lakhs and ₹ 1,012.67 Lakhs respectively.

### ***Revenue from Operations***

Revenue from operations consists of Sale of services and it accounted for 99.62%, 99.19%, 99.53% and 99.85% of our total income for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively.

The details of our revenue contribution (on a consolidated basis) from all services for the period ended September 30,2024, Fiscals 2024, 2023 and 2022 have been provided below:

Services	For the period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ in Lakhs	(%)	₹ in Lakhs	(%)	₹ in Lakhs	(%)	₹ in Lakhs	(%)
<b>Carbon Validation and Verification</b>	2,008.66	91.76%	4,317.50	92.27%	2,883.80	89.03%	836.97	82.77%
- Validation services	1,102.14	50.35%	3,023.30	64.61%	1,835.66	56.67%	298.48	35.66%
- Verification Services	906.52	41.41%	1,294.20	29.97%	1,048.14	32.35%	538.49	64.34%
<b>ESG Advisory and Assurance</b>	152.00	6.94%	196.47	4.20%	195.29	6.03%	102.70	10.16%
<b>FPO advisory</b>	28.47	1.30%	165.37	3.53%	160.20	4.95%	71.50	7.07%
<b>Total</b>	<b>2,189.13</b>	<b>100.00%</b>	<b>4,679.34</b>	<b>100.0%</b>	<b>3,239.29</b>	<b>100.0%</b>	<b>1,011.17</b>	<b>100.0%</b>

### ***Other Income***

Other income includes Rental income, Interest income, Profit on sale of investments, Dividend Income, Miscellaneous income, etc. Other income accounted for 0.38%, 0.81%, 0.47% and 0.15% of our total income for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively.

### ***Employee benefits expense***

Employee benefits expense includes (i) Salary and bonus; (ii) Directors Remuneration; (iii) contribution to provident and other funds; (iv) Staff welfare expenses; (v) Gratuity expenses, etc. Employee benefits expense accounted for 28.65%, 22.23%, 26.83% and 36.93% of our total income for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively.

### ***Finance costs***

Finance costs include Interest expense on Financial Liabilities at amortised cost, Interest on Income Tax and Interest expenses on Term Loan. Finance costs accounted for 0.77%, 1.18%, 0.28%, and 1.22% of our total income for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022.

### ***Depreciation and amortization expenses***

Depreciation and amortization expenses represents depreciation on property, plant and equipment, Depreciation of Investment Property, Depreciation of Right of Use Assets. Depreciation is calculated on a straight-line method over the estimated useful life of all assets, these lives are in accordance with Schedule II to the Companies Act, 2013 or as per the best estimation of the management. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

Depreciation and amortization expense accounted for 1.78%, 1.21%, 1.15% and 3.59% of total income for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively.

### ***Other expenses***

Other expenses include majorly of Professional Charges, Travelling & Conveyance Expenses, Business Promotion & Marketing, Foreign Exchange Fluctuation (Net) expense and Office Expenses. Other expenses accounted for 32.01%, 19.92%, 30.32% and 43.16% of our total income for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively.

## **Results of operations for the period ended September 30, 2024**

### ***Total Income***

The total income amounted to ₹2,197.48 Lakhs for the period ended September 30, 2024.

### ***Revenue from Operations***

Revenue from operations for the period ended September 30, 2024, amounted to ₹2,189.13 Lakhs constituting 99.62% of total income. This was primarily derived from sale of Carbon verification and validation services; validation services contributed 50.35% amounting ₹1,102.14 Lakhs and verification services contributed 41.41% amounting ₹906.53 Lakhs. Additionally, ESG Assurance & advisory services represented 6.94% amounting ₹152.00 Lakhs and FPO advisory services represented 1.30% amounting ₹28.47 Lakhs.

### ***Other Income***

Other income amounted to ₹8.35 Lakhs constituting 0.38% of total income for the period ended September 30, 2024. This mainly comprised Rental Income of ₹5.97 Lakhs and Dividend income of ₹0.60 Lakhs.

### ***Total Expenditure***

Total expenses amounted to ₹1,389.10 Lakhs which was 63.21% of total income for the period ended September 30, 2024.

### ***Employee Benefits Expense***

Employee benefits expense amounted to ₹629.54 Lakhs which was 28.65% of total income for the period ended September 30, 2024. This mainly comprised Salary and bonus of ₹438.62 Lakhs, Directors remuneration of ₹138.71 Lakhs, Contribution to provident and other funds of ₹24.56 Lakhs and Staff welfare expenses of ₹17.10 Lakhs. Increase in employee benefits expense was due to increase in our employee strength in different geographies.

### ***Finance Costs***

Finance costs amounted to ₹16.99 Lakhs which was 0.77% of total income for the period ended September 30, 2024. This mainly comprised of Interest expense on Financial Liabilities at amortised cost.

### ***Depreciation and Amortization Expense***

Depreciation and amortization expense amounted to ₹39.15 Lakhs which was 1.78% of total income for the period ended September 30, 2024.

### ***Other Expenses***

Other expenses amounted to ₹703.42 Lakhs which was 32.01% of total income for the period ended September 30, 2024. This mainly comprised of Professional Charges of ₹279.69 Lakhs, Travelling & Conveyance Expenses

of ₹ 167.19 Lakhs, Business promotion & marketing of ₹45.69 Lakhs, Seminar & training expenses of ₹32.87 Lakhs, Fees & Subscription of ₹21.87 Lakhs and Office expenses of ₹15.43 Lakhs.

### ***Profit Before Tax***

Profit before tax amounted to ₹808.38 Lakhs which was 36.79% of total income for the period ended September 30, 2024.

### ***Tax Expense***

Total tax expense amounted to ₹265.70 Lakhs which was 12.09% of total income for the period ended September 30, 2024.

### ***Profit for the Year***

For the various reasons discussed above, we reported a profit for the year of ₹542.68 Lakhs which is 24.70% of total income for the period ended September 30, 2024.

## **Fiscal 2024 compared with Fiscal 2023**

### ***Total Income***

The total income increased by ₹1,463.04 Lakhs, or 44.95%, from ₹3,254.67 Lakhs in Fiscal 2023 to ₹4,717.71 Lakhs in Fiscal 2024. This increase was primarily due to a rise in revenue from operations.

### ***Revenue from Operations***

Revenue from operations increased by ₹1,440.05 Lakhs representing 44.46% growth, from ₹3,239.29 Lakhs in Fiscal 2023 to ₹4,679.34 Lakhs in Fiscal 2024. This growth was primarily driven by an increase in sales of Carbon verification and validation services; validation services increased by 64.70% amounting ₹1,187.64 Lakhs reaching 3,023.30 Lakhs and verification services increased by 23.48% amounting ₹246.06 Lakhs reaching 1,294.20 Lakhs. Additionally, ESG Assurance & advisory services saw slight increase of ₹1.23 Lakhs reaching ₹196.43 Lakhs and FPO advisory services saw slight increase of ₹5.17 Lakhs reaching ₹165.37 Lakhs.

The growth was attributed to both an increase in the number of projects undertaken and an increase in average contract value. Number of projects undertaken rose from 169 in Fiscal 2023 to 219 in Fiscal 2024, while average contract value increased from ₹14.46 Lakhs in Fiscal 2023 to ₹17.18 Lakhs in Fiscal 2024.

### ***Other Income***

Other income increased by ₹22.99 Lakhs or 149.48%, from ₹15.38 Lakhs in Fiscal 2023 to ₹38.37 Lakhs in Fiscal 2024. This was primarily attributed to an increase in Profit on Sale of Investments of ₹9.68 Lakhs and increase in Rental Income of ₹8.96 Lakhs.

### ***Total Expenditure***

Total expenses increased by ₹194.08 Lakhs or 10.18%, from ₹1,906.99 Lakhs in Fiscal 2023 to ₹2,101.07 Lakhs in Fiscal 2024. The increase in expenses was primarily driven by higher Employee benefits expenses and Finance costs.

### ***Employee Benefits Expense***

Employee benefits expense increased by ₹ 175.34 Lakhs or 20.08% from ₹873.32 Lakhs in Fiscal 2023 to ₹1,048.66 Lakhs in Fiscal 2024. This was mainly due to a rise in Salary and bonus, which went up by ₹241.24 Lakhs to ₹616.45 Lakhs, Contribution to provident and other funds increased by ₹ 41.39 Lakhs to ₹110.54 Lakhs, while Directors Remuneration decreased by ₹112.60 Lakhs to ₹275.38 Lakhs. Overall, Employee benefits expense

as a percentage of total revenue decreased from 26.83% in Fiscal 2023 to 22.23% in Fiscal 2024. Increase in employee benefits expense was due to increase in our employee strength in different geographies. We hired employees in countries like UK, Turkey, UAE and Brazil.

#### *Finance Costs*

Finance costs increased by ₹46.23 Lakhs or 500.32%, from ₹9.24 Lakhs in Fiscal 2023 to ₹55.47 Lakhs in Fiscal 2024, driven by an increase in Interest expense on Financial Liabilities at amortised cost by ₹ 24.08 Lakhs and increase in Interest on Income Tax by ₹ 27.51 Lakhs. Overall, Finance costs as a percentage of total revenue increased from 0.28% in Fiscal 2023 to 1.18% in Fiscal 2024.

#### *Depreciation and Amortization Expense*

Depreciation and amortization expense increased by ₹19.83 Lakhs or 52.89%, from ₹37.49 Lakhs in Fiscal 2023 to ₹57.32 Lakhs in Fiscal 2024.

#### *Other Expenses*

Other expenses decreased by ₹47.32 Lakhs, or 4.79%, from ₹986.94 Lakhs in Fiscal 2023 to ₹939.62 Lakhs in Fiscal 2024. This was primarily achieved due to:

- A decrease in Professional Charges to ₹ 348.13 Lakhs in Fiscal 2024 from ₹ 473.22 Lakhs in Fiscal 2023.
- A decrease in Business promotion & marketing to ₹ 73.97 Lakhs in Fiscal 2024 from ₹ 149.32 Lakhs in Fiscal 2023.
- A decrease in Office expenses to ₹ 12.62 Lakhs in Fiscal 2024 from ₹ 38.37 Lakhs in Fiscal 2023.
- An increase in Seminar & training expenses to ₹ 62.99 Lakhs in Fiscal 2024 from ₹ 11.81 Lakhs in Fiscal 2023.
- An increase in Fees & subscription expenses to ₹ 44.74 Lakhs in Fiscal 2024 from ₹ 2.85 Lakhs in Fiscal 2023.
- An increase in Foreign exchange fluctuation to ₹ 72.22 Lakhs in Fiscal 2024 from ₹ 32.67 Lakhs in Fiscal 2023.

#### *Profit Before Tax*

Profit before tax increased by ₹1,268.96 Lakhs, or 94.16%, from ₹1,347.68 Lakhs in Fiscal 2023 to ₹2,616.64 Lakhs in Fiscal 2024. This was mainly due to higher revenue and controlled expenses.

#### *Tax Expense*

Total tax expense increased by ₹408.94 Lakhs, or 149.19%, from ₹ 274.10 Lakhs in Fiscal 2023 to ₹683.04 Lakhs in Fiscal 2024. The increase was majorly due to an increase in current tax by ₹ 346.70 Lakhs.

#### *Profit for the Year*

For the various reasons discussed above, profit for the year increased by ₹ 860.02 Lakhs, or 80.11%, from ₹1,073.58 Lakhs in Fiscal 2023 to ₹1,933.60 Lakhs in Fiscal 2024. Profit after tax as a percentage of total income stood at 40.99% for Fiscal 2024, compared to 32.99% for Fiscal 2023. The increase in PAT margin can be attributed to the growth in business operations, while fixed costs remained constant.

### **Fiscal 2023 Compared with Fiscal 2022**

#### *Total Income*

The total income increased by ₹2,242.00 Lakhs, or 221.39%, from ₹1,012.67 Lakhs in Fiscal 2022 to ₹3,254.67 Lakhs in Fiscal 2023. This increase was primarily due to a rise in revenue from operations.

#### *Revenue from Operations*



Revenue from operations increased by ₹2,228.12 Lakhs representing 220.35% growth, from ₹1,011.17 Lakhs in Fiscal 2022 to ₹3,239.29 Lakhs in Fiscal 2023. This growth was primarily driven by an increase in sales of Carbon verification and validation services; validation services increased by 515.00% amounting ₹1,537.18 Lakhs reaching 1,835.66 Lakhs and verification services increased by 94.64% amounting ₹509.65 Lakhs reaching 1,048.14 Lakhs. Additionally, ESG Assurance & advisory services saw increase of ₹92.50 Lakhs or 90.06% reaching ₹195.20 Lakhs and FPO advisory services saw increase of ₹88.70 Lakhs or 124.06% reaching ₹160.20 Lakhs.

The growth was attributed to both an increase in the number of projects undertaken and an increase in average contract value. Number of projects undertaken rose from 60 in Fiscal 2022 to 169 in Fiscal 2023, while average contract value increased from ₹7.31 Lakhs in Fiscal 2022 to ₹14.46 Lakhs in Fiscal 2023.

#### *Other Income*

Other income increased by ₹13.88 Lakhs or 925.33%, from ₹1.50 Lakhs in Fiscal 2022 to ₹15.38 Lakhs in Fiscal 2023. This was primarily attributed to an increase in Profit on Sale of Investments of ₹2.02 Lakhs and increase in Miscellaneous Income of ₹11.39 Lakhs.

#### *Total Expenditure*

Total expenses increased by ₹1,047.20 Lakhs or 121.80%, from ₹859.79 Lakhs in Fiscal 2022 to ₹1,906.99 Lakhs in Fiscal 2023. The increase in expenses was primarily driven by higher Employee benefits expenses and Other expenses.

#### *Employee Benefits Expense*

Employee benefits expense increased by ₹ 499.33 Lakhs or 133.52% from ₹373.99 Lakhs in Fiscal 2022 to ₹873.32 Lakhs in Fiscal 2023. This was mainly due to a rise in Directors Remuneration, which went up by ₹250.03 Lakhs to ₹387.98 Lakhs; Salary and bonus, which went up by ₹171.19 Lakhs to ₹375.21 Lakhs; Contribution to provident and other funds increased by ₹ 49.04 Lakhs to ₹69.15 Lakhs. Overall, Employee benefits expense as a percentage of total revenue decreased from 36.93% in Fiscal 2022 to 26.83% in Fiscal 2023.

#### *Finance Costs*

Finance costs decreased by ₹3.10 Lakhs or 25.12%, from ₹12.34 Lakhs in Fiscal 2022 to ₹9.24 Lakhs in Fiscal 2023, driven by a decrease in Interest expense on term loan by ₹ 5.36 Lakhs. Overall, Finance costs as a percentage of total revenue decreased from 1.22% in Fiscal 2022 to 0.28% in Fiscal 2023.

#### *Depreciation and Amortization Expense*

Depreciation and amortization expense increased by ₹1.14 Lakhs or 3.14%, from ₹36.35 Lakhs in Fiscal 2022 to ₹37.49 Lakhs in Fiscal 2023.

#### *Other Expenses*

Other expenses increased by ₹549.83 Lakhs, or 125.79%, from ₹437.11 Lakhs in Fiscal 2022 to ₹986.94 Lakhs in Fiscal 2023. This was primarily due to:

- An increase in Professional Charges to ₹ 473.22 Lakhs in Fiscal 2023 from ₹ 199.91 Lakhs in Fiscal 2022.
- An increase in Travelling & Conveyance Expenses to ₹ 197.29 Lakhs in Fiscal 2023 from ₹ 65.55 Lakhs in Fiscal 2022.
- An increase in Business promotion & marketing to ₹ 149.32 Lakhs in Fiscal 2023 from ₹ 99.64 Lakhs in Fiscal 2022.
- An increase in Office expenses to ₹ 38.37 Lakhs in Fiscal 2023 from ₹ 18.58 Lakhs in Fiscal 2022.
- An increase in Office consumables/maintenance expenses to ₹ 25.89 Lakhs in Fiscal 2023 from ₹ 1.67 Lakhs in Fiscal 2022.

- An increase in Foreign exchange fluctuation to ₹ 32.67 Lakhs in Fiscal 2023 from ₹ 10.10 Lakhs in Fiscal 2022.

### ***Profit Before Tax***

Profit before tax increased by ₹1,194.80 Lakhs, or 781.53%, from ₹152.88 Lakhs in Fiscal 2022 to ₹1,347.68 Lakhs in Fiscal 2023. This was mainly due to higher revenue and controlled expenses.

### ***Tax Expense***

Total tax expense increased by ₹249.42 Lakhs, or 1,010.62%, from ₹ 24.68 Lakhs in Fiscal 2022 to ₹274.10 Lakhs in Fiscal 2023. The increase was due to an increase in current tax by ₹ 309.26 Lakhs.

### ***Profit for the Year***

For the various reasons discussed above, profit for the year increased by ₹ 945.38 Lakhs, or 737.42%, from ₹128.20 Lakhs in Fiscal 2022 to ₹1,073.58 Lakhs in Fiscal 2023. Profit after tax as a percentage of total revenue stood at 32.99% for Fiscal 2023, compared to 12.66% for Fiscal 2022. The increase in PAT margin can be attributed to the growth in business operations, while fixed costs remained constant.

### **Cash Flows**

The following table sets forth certain information relating to our cash flows under Ind AS for the Fiscal 2024, Fiscal 2023 and Fiscal 2022:

*(All amounts in ₹ Lakhs)*

<b>Particulars</b>	<b>For the period ended September 30, 2024</b>	<b>Fiscal 2024</b>	<b>Fiscal 2023</b>	<b>Fiscal 2022</b>
Net cash (used in)/ generated from operating activities	692.24	1,496.18	775.42	133.71
Net cash (used in)/ generated from investing activities	(1,076.76)	(1,154.98)	(462.09)	87.70
Net cash (used in)/ generated from financing activities	75.92	(211.35)	25.47	(6.51)
Net increase/ (decrease) in cash and cash equivalents	(308.60)	129.85	338.81	214.90
Cash and Cash Equivalents at the beginning of the period	708.98	579.13	240.32	25.42
Cash and Cash Equivalents at the end of the period	400.38	708.98	579.13	240.32

### ***Net cash generated from operating activities***

Net cash generated from operating activities in the period ended September 30, 2024 was ₹692.24 Lakhs and our profit before tax that period was ₹808.38 Lakhs. The difference was primarily attributable to Depreciation of ₹39.15 Lakhs, Loss/ (Gain) on foreign currency transaction (net) of ₹17.86 Lakhs, Finance cost of ₹16.94 Lakhs, Provision for Bad Debts and Expected Credit Loss (ECL) of ₹55.16 Lakhs, Foreign Currency Transition Reserve (FCTR) of ₹6.42 Lakhs, Share Based Payments of ₹4.36 Lakhs, Non Controlling Interest of ₹3.94 Lakhs and thereafter change in working capital of ₹ (106.50) Lakhs respectively, resulting in gross cash generated from operations at ₹ 843.83 Lakhs. We have income tax paid of ₹ 151.60 Lakhs.

Net cash generated from operating activities in the Fiscal 2024 was ₹1,496.18 Lakhs and our profit before tax that period was ₹2,616.64 Lakhs. The difference was primarily attributable to Depreciation of ₹57.32 Lakhs, Loss/ (Gain) on foreign currency transaction (net) of ₹72.22 Lakhs, Finance cost of ₹27.96 Lakhs, Profit on Sale of Investments of ₹ (11.70) Lakhs, Provision for Bad Debts and Expected Credit Loss (ECL) of ₹11.54 Lakhs and

thereafter change in working capital of ₹ (545.63) Lakhs respectively, resulting in gross cash generated from operations at ₹ 2,225.58 Lakhs. We have income tax paid of ₹ 729.40 Lakhs.

Net cash generated from operating activities in the Fiscal 2023 was ₹775.42 Lakhs and our profit before tax that period was ₹1,347.68 Lakhs. The difference was primarily attributable to Depreciation & amortization of ₹37.49 Lakhs, Loss/ (Gain) on foreign currency transaction (net) of ₹32.67 Lakhs, Finance cost of ₹9.24 Lakhs, Profit on Sale of Investments of ₹ (2.02) Lakhs, Foreign Currency Transition Reserve (FCTR) of ₹ (9.68) and thereafter change in working capital of ₹ (425.57) Lakhs respectively, resulting in gross cash generated from operations at ₹995.49 Lakhs. We have income tax paid of ₹220.07 Lakhs.

Net cash generated from operating activities in the Fiscal 2022 was ₹133.71 Lakhs and our profit before tax that period was ₹152.88 Lakhs. The difference was primarily attributable to Depreciation & amortization of ₹36.35 Lakhs, Loss/ (Gain) on foreign currency transaction (net) of ₹10.10 Lakhs, Finance cost of ₹12.34 Lakhs, Provision for Bad Debts and Expected Credit Loss (ECL) of ₹9.39 Lakhs and thereafter change in working capital of ₹ (67.79) Lakhs respectively, resulting in gross cash generated from operations at ₹ 152.70 Lakhs. We have income tax paid of ₹ 18.99 Lakhs.

### ***Net cash used in investing activities***

In the period ended September 30, 2024, our net cash used in investing activities was ₹ (1,076.76) Lakhs. This was primarily due to Investment in Mutual Funds of ₹ (709.01) Lakhs, Proceeds/ Creation of Fixed Deposits with Banks (Net) of ₹ (201.82) Lakhs, Increase in ROU Assets of ₹ (116.48) Lakhs, Purchase of Property, Plant & Equipments of ₹ (26.11) Lakhs, Investment in Listed Companies (net) of ₹ (24.95) Lakhs, Interest income of ₹1.01 Lakhs and Dividend received of ₹0.60 Lakhs during the said period.

In the Fiscal 2024, our net cash used in investing activities was ₹ (1,154.98) Lakhs. This was primarily due to Investment in Mutual Funds of ₹ (784.70) Lakhs, Investment in Listed Companies (net) of ₹ (325.66) Lakhs, Investment in Equity Share Capital of Other Company ₹ (29.94) Lakhs, Purchase of Property, Plant & Equipments of ₹ (12.80) Lakhs, Proceeds/ Creation of Fixed Deposits with Banks (Net) of ₹ (4.90), Interest income of ₹1.80 Lakhs and Dividend received of ₹1.22 Lakhs during the said year.

In the Fiscal 2023, our net cash used in investing activities was ₹ (462.09) Lakhs. This was primarily due to Increase in ROU Assets of ₹ (293.49), Investment in Mutual Funds of ₹ (154.94) Lakhs, Purchase of Property, Plant & Equipments of ₹ (18.08) Lakhs, Proceeds/ Creation of Fixed Deposits with Banks (Net) of ₹4.37 and Interest income of ₹ 0.05 Lakhs during the said year.

In the Fiscal 2022, our net cash generated from investing activities was ₹87.70 Lakhs. This was primarily due to Investment in Mutual Funds of ₹ 102.18 Lakhs, Purchase of Property, Plant & Equipments of ₹ (18.97) Lakhs, Proceeds/ Creation of Fixed Deposits with Banks (Net) of ₹4.23 and Interest income of ₹ 0.26 Lakhs during the said year.

### ***Net cash generated from/ used in financing activities.***

In the period ended September 30, 2024, our net cash generated from financing activities was ₹75.92 Lakhs. This was primarily due to Changes in Lease Liabilities of ₹ 98.85 Lakhs, Interest / Finance Charges of ₹ (16.94) Lakhs, Fee paid for Increase of Share Capital of ₹ (15.00) Lakhs and Repayment of Borrowings (Net) of ₹ 9.01 Lakhs during the said year.

In the Fiscal 2024, our net cash used in financing activities was ₹ (211.35) Lakhs. This was primarily due to Repayment of Borrowings (Net) of ₹ (64.23) Lakhs, Dividend Paid of ₹ (87.09) Lakhs, Interest / Finance Charges of ₹ (27.96) Lakhs, Fee paid for Increase of Share Capital of ₹ (16.13) Lakhs and Changes in Lease Liabilities of ₹ (15.94) Lakhs during the said year.

In the Fiscal 2023, our net cash generated from financing activities was ₹25.47 Lakhs. This was primarily due to Repayment of Borrowings (Net) of ₹ (37.55) Lakhs, Dividend Paid of ₹ (216.65) Lakhs, Interest / Finance Charges of ₹ (9.24) Lakhs and Changes in Lease Liabilities of ₹288.91 Lakhs during the said year.

In the Fiscal 2022, our net cash used in financing activities was ₹ (6.51) Lakhs. This was primarily due to Repayment of Borrowings (Net) of ₹5.83 Lakhs and Interest / Finance Charges of ₹ (12.34) Lakhs during the said year.

## LIQUIDITY AND CAPITAL RESOURCES

We fund our operations primarily with cash flow from operating activities and borrowings / credit facilities from banks. Our primary use of funds has been to pay for our working capital requirements and capital expenditure and for the expansion of our manufacturing facilities. We evaluate our funding requirements regularly considering the cash flow from our operating activities and market conditions. In case our cash flows from operating activities do not generate sufficient cash flows, we may rely on other debt or equity financing activities, subject to market conditions.

Our Company had Consolidated cash and cash equivalents of ₹ 400.38 Lakhs as of September 30, 2024, ₹ 708.98 Lakhs as of March 31, 2024, ₹ 579.13 Lakhs as of March 31, 2023 and ₹ 240.32 Lakhs as of March 31, 2022.

We have long term borrowings and long-term lease liability of ₹ 0 Lakhs and ₹ 335.46 Lakhs as of September 30, 2024 and Short term borrowing and short term lease liability of ₹ 9.01 Lakhs and ₹ 36.36 Lakhs as of September 30, 2024 as per Restated Consolidated Financial Statement.

## CONTINGENT LIABILITIES

As of period ended September 30, 2024, the estimated amount of contingent liabilities are as follows:

Particulars	Period ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Expected Penalty for Compounding against FEMA Contravention for non-reporting of Investment in Foreign Subsidiaries	NIL	1.20	NIL	NIL

For further information on our contingent liabilities and commitments, see “*Note 37 – Contingent Liabilities, Contingent Assets and Commitments*” under the chapter “*Restated Consolidated Financial Statements*” on page 290.

## OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or which we believe reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

## RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see “*Financial Information- Note 42 – Related Party Transactions*” on page 297 of this Draft Red Herring Prospectus.

**Transaction with the related parties during the year:**

(All amounts ₹ in Lakhs)

Particulars	As on September 30, 2024	As March 31, 2024	As March 31, 2023	As March 31, 2022
<b>Investment in Subsidiary Company Equity Shares</b>				
Earthood UK Limited (100 Equity Shares with Voting Rights)	-	-	-	0.10
Earthood Karbon Ve ÇevreselSertifikasyonHizmetleriAnonimSirketi	-	-	1.60	-
Earthood UK Limited (10 Equity Shares without Voting Rights)	-	0.01	-	-
Limited Liability Company Earthood Rus	0.05	-	-	-
<b>Issue of B class Equity shares</b>				
Kaviraj Singh		-	10.00	-
<b>Payable towards Purchase of Shares in Earthood UK Limited (10 Equity Shares without Voting Rights)</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh		0.01	-	-
<b>Paid towards Purchase of Shares in Earthood UK Limited (10 Equity Shares without Voting Rights)</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	0.01	-	-	-
<b>Professional Services</b>				
<b>Relatives of Key Managerial Personnel with whom transaction have taken place</b>				
Archana Singh	-	5.00	15.00	12.50
Prema Singh	-	-	-	25.00
Santosh Singh	-	-	-	5.00
Vijendra Singh	-	-	-	10.00
Krishna Chaudhary	-	-	-	10.00
<b>Payment of Professional Services</b>				
<b>Relatives of Key Managerial Personnel with whom transaction have taken place</b>				
Archana Singh	-	18.00	-	11.25
Prema Singh	-	-	-	27.13
Santosh Singh	-	-	-	-
Vijendra Singh	-	-	-	2.63
Krishna Chaudhary	-	-	-	4.50
<b>Advances given</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	36.78	50.00	-	-
Sanjeev Kumar	-	-	-	8.00
<b>Advances given received back</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	25	50.00	-	-
Sanjeev Kumar	0	-	-	11.52
<b>Loan received during the year</b>				

Particulars	As on September 30, 2024	As March 31, 2024	As March 31, 2023	As March 31, 2022
<b>Key Managerial Personnel</b>				
Manish Singh Negi	0.33	-	-	-
<b>Salary and Other Perquisites</b>				
<b>Key Managerial Personnel</b>				
Manish Singh Negi	5.95	-	-	-
Vishaka Jalan	4.05	-	-	-
<b>Advance Given</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited	-	-	-	2.25
<b>Loan Received back given in earlier years</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited	-	-	2.92	-
<b>Managerial Remuneration</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	87.53	138.10	250.70	91.72
Ashok Kumar Gautam	51.33	137.28	137.28	32.20
Sanjeev Kumar	-	-	-	14.03
Komendant Andrei Alexandrovich	2.66	-	-	-
<b>Dividend Paid</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh		86.87	231.23	-
<b>Imprest Given</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	12.94	11.47	4.91	-
<b>Salary Paid</b>				
<b>Relatives of Key Managerial Personnel</b>				
Pooja Singh	34.82	57.41	35.55	-
<b>Reimbursement of Expenses</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	17.00	21.17	17.64	0.89
Ashok Kumar Gautam	-	19.65	1.69	1.69
Manish Singh Negi	1.14	-	-	-
Vishaka Jalan	0.13	-	-	-
<b>Loan From Director</b>				
Sanjeev Kumar	-	-	2.00	2.00
<b>Advance Given</b>				
<b>Key Managerial Personnel</b>				
Kaviraj Singh	11.78	-	-	-
<b>Advance Given</b>				
<b>Enterprise over which Key Management Personnel or their relatives are able to exercise significant influence &amp; transactions have taken place</b>				
Belliya Services Private Limited		-	-	2.92

Particulars	As on September 30, 2024	As March 31, 2024	As March 31, 2023	As March 31, 2022
Imprest				
Key Managerial Personnel				
Kaviraj Singh	1.80	0.77	0.46	0.10
Managerial Remuneration Payable				
Key Managerial Personnel				
Kaviraj Singh	10.16	9.67	66.92	8.39
Ashok Kumar Gautam	5.40	3.43	3.30	2.13
Salary and Other Perquisites				
Key Managerial Personnel				
Manish Singh Negi	1.34	-	-	-
Vishaka Jalan	0.68	-	-	-
Loan				
Key Managerial Personnel				
Manish Singh Negi	1.75	-	-	-
Recoverable				
Key Managerial Personnel				
Vishaka Jalan	0.20	-	-	-
Salary Payable				
Relatives of Key Managerial Personnel				
Pooja Singh	4.58	4.17	-	-

#### Non-GAAP Measures

In addition to our results determined in accordance with Ind AS, we believe the following non-GAAP measures are useful to investors in evaluating our operating performance and liquidity. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

#### *Reconciliation of Profit/(loss) for the period/year to our Operating EBITDA*

Particulars	For the period ended September 30, 2024	Fiscal, 2024	Fiscal, 2023	Fiscal, 2022
Restated profit/(loss) for the period/year (I)	542.68	1,933.60	1,073.58	128.20
Add:				
Finance Cost (II)	16.99	55.47	9.24	12.34
Total Tax Expense (III)	265.70	683.04	274.10	24.68
Depreciation (IV)	39.15	57.32	37.49	36.35
Less: Other Income (V)	8.35	38.37	15.38	1.50
<b>Operating EBITDA (VII=I+II+III+IV-V)</b>	<b>856.17</b>	<b>2,691.06</b>	<b>1,379.04</b>	<b>200.07</b>

*Operating EBITDA is calculated as the sum of restated profit/ (loss) for the period, total tax expenses, finance costs, depreciation and amortisation expense less other income.*

**Reconciliation of Restated Profit/(loss) for the period from continuing operations to Operating EBITDA Margin**

Particulars	For the period ended September 30, 2024	Fiscal 2024	Fiscal, 2023	Fiscal, 2022
Operating EBITDA (I)	856.17	2,691.06	1,379.04	200.07
Revenue from Operations (II)	2,189.13	4,679.34	3,239.29	1,011.17
<b>Operating EBITDA margin (I/II)</b>	<b>39.11%</b>	<b>57.51%</b>	<b>42.57%</b>	<b>19.79%</b>

Operating EBITDA Margin is calculated by dividing Operating EBITDA by Revenue from operations.

**Reconciliation of Total Debt to Equity Ratio attributable to equity holders ratio**

Particulars	For the period ended September 30, 2024	Fiscal, 2024	Fiscal, 2023	Fiscal, 2022
Total Borrowings	9.01	-	53.56	101.78
Equity attributable to equity holders	3,953.50	3,153.27	1,262.02	392.22
<b>Total borrowings/Equity attributable to equity holders ratio</b>	<b>0.00</b>	<b>0.00</b>	<b>0.04</b>	<b>0.26</b>

Total Debt to Equity Ratio is calculated by dividing Total borrowing by Equity attributable to equity shareholders.

**Reconciliation of Restated Profit/(Loss) margin**

Particulars	For the period ended September 30, 2024	Fiscal, 2024	Fiscal, 2023	Fiscal, 2022
Restated Profit/(loss) for the period/year (I)	542.68	1,933.60	1,073.58	128.20
Revenue from Operations (II)	2,189.13	4,679.34	3,239.29	1,011.17
<b>Restated Profit/(Loss) margin (III=I/II) (in%)</b>	<b>24.79%</b>	<b>41.32%</b>	<b>33.14%</b>	<b>12.68%</b>

Profit Margin Ratio is calculated by dividing Profit/(loss) for the period/year by Revenue from operations.

**Reservations, Qualifications, Adverse, Emphasis of matters and other matters by the statutory auditors**

Our Statutory Auditors has provided certain reservations/ qualifications/ adverse remarks/ emphasis of matters/ other matters in their audit report on the audited restated consolidated financial information for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. For details, please see “SECTION V – FINANCIAL INFORMATION” beginning on page 239.

**Details of Default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution**

There have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022.



## Material Frauds

There are no material frauds, as reported by our statutory auditor, committed against our Company, since incorporation.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Group's businesses are subject to several risks and uncertainties including financial risks. The Group's documented risk management policies, act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management.

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors. This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

### Market Risk

The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency Risk;
- Price Risk;
- Interest Rate Risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

### Currency Risk - Potential Impact of Risk & Management Policy

Group undertakes transactions denominated in foreign currencies mainly related to its operating activities. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Carrying amounts of Group's foreign currency denominated monetary assets and monetary liabilities at end of reporting period are as follows:

Amount payable in foreign currency on account of the following:

Particulars	As at 30th September 2024			As at 31st March 2024			As at 31st March 2023			As at 31st March 2022		
	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs
Expenses Payable	USD	-	-	USD	-	-	USD	-	-	USD	-	-
	EUR	-	-	EUR	-	-	EUR	-	-	EUR	-	-
	TRY	37,500.00	0.92	TRY	37,500	0.96	TRY	-	-	TRY	-	-
	RUB	5,100.00	0.05	RUB	-	-	RUB	-	-	RUB	-	-
Other Paybles	TRY	13,69,172.58	34.96	TRY	1,34,219.54	3.45	TRY	9,492.75	0.41	TRY	-	-
	GBP	31,733.35	28.02	GBP	47,933.34	50.46	GBP	37,822.70	37.99	GBP	-	-

Particulars	As at 30th September 2024			As at 31st March 2024			As at 31st March 2023			As at 31st March 2022		
	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs
	RUB	12,56,938.48	11.33	RUB			RUB			RUB		
Income Tax Payable	TRY	-	-	TRY	26,359.84	0.68	TRY			TRY	-	-
	GBP	73,300	82.21	GBP	77,905.53	82.02	GBP	66,241.90	66.14	GBP	-	-

Amount receivable in foreign currency on account of the following:

Particulars	As at 30th September 2024			As at 31st March 2024			As at 31st March 2023			As at 31st March 2022		
	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs	Currency	Amount in foreign currency	in Lakhs
Trade Receivable	USD	7,27,620.00	609.67	USD	7,21,766.00	598.34	USD	4,71,522.00	385.28	USD	49,580.00	37.46
	EUR	5,938.00	5.55	EUR	20,900.00	18.68	EUR	5,750.00	5.10	EUR	3,000.00	2.50
	TRY	2,66,349.36	6.53	TRY	1,90,483.86	4.90	TRY	-	-	TRY	-	-
	GBP	1,50,076.52	168.33	GBP	1,89,843.26	199.84	GBP	65,733.00	65.62	GBP	-	-
Cash and Cash Equivalents	TRY	3,97,108	9.73	TRY	3,95,369.64	10.16	TRY	37,500.00	1.61	TRY	-	-
	GBP	80,044	89.78	GBP	76,270.10	80.30	GBP	70,465.54	70.35	GBP	-	-
	RUB	2,16,845	1.95	RUB	-	-	RUB	-	-	RUB	-	-
Other Receivable	TRY	3,82,022	9.36	TRY	3,46,530.75	8.91	TRY	14,450.92	0.62	TRY	-	-
	GBP	39,768	44.60	GBP	29,269.72	30.81	GBP	14,472.68	14.68	GBP	100.00	0.10
	RUB	1,75,027.83	1.58	RUB	-	-	RUB	-	-	RUB	-	-

### Price Risk - Potential Impact of Risk & Management Policy

The Group is mainly exposed to the price risk due to its investment in Equity Shares & Mutual Funds. The price risk arises due to uncertainties about the future market values of these investments.

The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in Equity Shares & Mutual Funds.

The Investments in Equity Shares are publicly traded and listed in BSE & NSE. Carrying amounts of the Group's investment in Equity Shares at the end of the reporting period are given in Note 10 of Restated Consolidated Financial Statements.

### Price Risk - Sensitivity to Risk

The following tables demonstrate the sensitivity to a reasonably possible change in equity index where investments of the Group are listed. The impact on the company profit before tax is due to changes in the BSE Index.

Particulars	Impact on Profit after Tax				Impact on Other Components of Equity after Tax			
	30th September 2024	31st March 2024	31st March 2023	31st March 2022	30th September 2024	31st March 2024	31st March 2023	31st March 2022
BSE Index Increase by 5%	-	-	-	-	21.07	16.28	-	-
BSE Index Decrease by 5%	-	-	-	-	(21.07)	(16.28)	-	-

### Interest Rate Risk - Potential Impact of Risk & Management Policy

The Group is mainly exposed to the interest rate risk due to its investment in term deposit with banks the Group invests in term deposits for a period of upto one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fixed rate borrowings and deposits are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Variable rate Borrowings	-	-	-	-
Fixed rate Borrowings	-	-	62.23	99.78
<b>Total Borrowings</b>	-	-	<b>62.23</b>	<b>99.78</b>

### Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk from its operating activities (primarily trade receivables and also from its investing activities including deposits with banks, forex transactions and other financial instruments) for receivables, cash and cash equivalents, short-term investments.

In respect of its investments, the Group aims to minimize its financial credit risk through the application of risk management policies.

For financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and investment in Equity Shares.

None of the Group's cash equivalents, including time deposits with banks, are past due or impaired.

Trade receivables are subject to credit limits, controls & approval processes. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. The credit quality of the Group's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. Due to large geographical base & number of customers, the Group is not exposed to material concentration of credit risk. Basis the historical experience, the risk of default in case of trade receivable is low. Provision is made for doubtful receivables on individual basis depending on the customer ageing, customer category, specific credit circumstances & the historical experience of the group. The solvency

of customers and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables are impaired, the Group actively seeks to recover the amounts in question and enforce compliance with credit terms.

The Group assesses and manages credit risk of Financial Assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of Financial Assets.

- Low Credit Risk on financial reporting date
- Moderate Credit Risk
- High Credit Risk

The Group provides for Expected Credit Loss based on the following:

Asset Group	Basis of Categorisation	Provision for Expected Credit Loss
Low Credit Risk	Cash and Cash Equivalents, other Bank Balances and other Financial Assets	12 month expected credit loss
Moderate Credit Risk	Trade Receivables	Life time expected credit loss
High Credit Risk	Trade Receivables and other Financial Assets	Life time expected credit loss or fully provided for

Credit Rating	Particulars	As at 30th September 2024	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
A: Low credit risk	Cash and Cash Equivalents, other Bank Balances and other Financial Assets	677.61	754.14	608.43	261.58
B: Moderate credit risk	Trade Receivables	1,003.17	1,097.59	678.42	175.95
C: High credit risk	Trade Receivables	-	-	-	-

As at 30th September, 2024

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	400.38	-	400.38
Other Bank Balances	16	Low Credit Risk	207.10	-	207.10
Loans	11A & 11B	Low Credit Risk	13.49	-	13.49
Other Financial Assets	12A & 12B	Low Credit Risk	56.64	-	56.64
Trade Receivables	14	Moderate Credit Risk	1,049.76	46.59	1,003.18

As at 31st March, 2024

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	708.98	-	708.98

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Other Bank Balances	16	Low Credit Risk	5.28	-	5.28
Loans	11A & 11B	Low Credit Risk	2.41	-	2.41
Other Financial Assets	12A & 12B	Low Credit Risk	37.47	-	37.47
Trade Receivables	14	Moderate Credit Risk	1,116.33	18.74	1,097.59

As at 31st March, 2023

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	579.13	-	579.13
Other Bank Balances	16	Low Credit Risk	0.38	-	0.38
Loans	11A & 11B	Low Credit Risk	3.72	-	3.72
Other Financial Assets	12A & 12B	Low Credit Risk	25.20	-	25.20
Trade Receivables	14	Moderate Credit Risk	685.57	7.15	678.42

As at 31st March, 2022

Particulars	Note	Risk Rating	Carrying Amount	Impairment Recognised / Impairment Provision	Carrying Amount Net of Impairment Provision
Cash and Cash Equivalents	15	Low Credit Risk	240.32	-	240.32
Other Bank Balances	16	Low Credit Risk	-	-	-
Loans	'11A & 11B	Low Credit Risk	6.41	-	6.41
Other Financial Assets	12A & 12B	Low Credit Risk	14.85	-	14.85
Trade Receivables	14	Moderate Credit Risk	180.25	4.30	175.95

### **Liquidity Risk**

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Group maintained a cautious liquidity strategy, with a positive Cash & Bank balance throughout the Period ended 30th September 2024 & year ended 31st March 2024, 31st March 2023 & 31st March 2022.

Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable equity shares and units of Mutual Funds with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

As at 30th September 2024	Undiscounted Amount				
Non-Derivative Liabilities	Note	Carrying Amount	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	9.01	9.01		9.01
Other current financial liabilities	25	-	-	-	-

As at 31st March 2024	Undiscounted Amount				
Non-Derivative Liabilities	Note	Carrying Amount	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	-	-	-	-
Other current financial liabilities	25	-	-	-	-

As at 31st March 2023	Undiscounted Amount				
Non-Derivative Liabilities	Note	Carrying Amount	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	53.56	53.56	-	53.56
Other current financial liabilities	25	10.67	10.67	-	10.67

As at 31st March 2022	Undiscounted Amount				
Non-Derivative Liabilities	Note	Carrying Amount	Payable within 1 Year	More Than 1 Years	Total
Borrowings	21A & 21B	101.78	37.55	64.23	101.78
Other current financial liabilities	25	-	-	-	-

### Current & Liquid Ratio

The following table shows the Ratio analysis of the Group for respective periods

PERIOD	Current Ratio	Liquid Ratio
As at 30th September, 2024	8.96	8.96
As at 31st March 2024	7.96	7.96
As at 31st March 2023	2.99	2.99

PERIOD	Current Ratio	Liquid Ratio
As at 31st March 2022	2.30	2.30

## Collateral

Vehicle Loan is secured against hypothecation of vehicle. Term Loan from Bank is secured by way of equitable mortgage of one of Holding Company's properties.

There are no other significant terms and conditions associated with the use of collateral.

*An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:*

### ***1.Unusual or infrequent events or transactions***

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

### ***2.Significant economic changes that materially affected or are likely to affect income from continuing operations.***

Apart from the risks as disclosed under Section “*Risk Factors*” on page 37, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

### ***3.Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***

Apart from the risks as disclosed under Section “*Risk Factors*” on page 37, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

### ***4.Future changes in relationship between costs and revenues***

Our Company’s future costs and revenues will be determined by demand/supply situation of the services, government policies and budget constraints of our customer(s).

### ***5.Increases in net sales or revenue and Introduction of new products or services or increased sales prices***

Increases in revenues are by and large linked to increases in volume of business and also dependent on the price realization of our services.

### ***6.Status of any publicly announced New Products or services or Business Segment***

Except as disclosed elsewhere in the Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new services or business segments.

### ***7.Total Turnover of Each Major Industry Segment in Which the Issuer Operates***

Our Company is engaged in certifying environmental attributes primarily providing carbon validation and verification services; and Environmental, Social and Governance (ESG) advisory and assurance services to customers in India and overseas. Details of the industry turnover and other relevant information is disclosed in the section “*Industry Overview*” beginning on page 125.

### ***8.Seasonality of business***

Our Company's business is not seasonal in nature.

**9. Any Major Dependence on a single or few suppliers or customers**

The % of contribution of our Company's customers vis-à-vis the total revenue from operations respectively as of for the period ended September 30, 2024, Fiscal 2022, 2023 and 2024 is as follows:

Particulars	Top Customers as a percentage (%) of revenues			
	For the period ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
<b>Top 5</b>	20.63	24.95	26.33	31.51
<b>Top 10</b>	29.87	32.89	39.37	46.92

**10. Competitive conditions:**

Competitive conditions are as described under the chapters "Industry Overview" and "Our Business" beginning on pages 125 and 183 respectively.



## **FINANCIAL INDEBTEDNESS**

Our Board is authorised to borrow such sums of money as may be required for the purpose of the business of the Company as prescribed under Applicable Laws. For details regarding the borrowing powers of our Board, please see “*Our Management –Borrowing Powers of the Board*” on page 223.

As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding borrowings.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated in this section, as on the date of this Draft Red Herring Prospectus, there are no outstanding (i) criminal proceedings (including first information report) involving the Company, the Promoters, its Subsidiaries, and its Directors (together, the “**Relevant Parties**”); (ii) actions taken by statutory or regulatory authorities against the Relevant Parties; (iii) claims related to direct and indirect taxes against the Relevant Parties, in a consolidated manner, giving details of number of cases and total amount; (iv) other pending litigation as determined to be material pursuant to the Materiality Policy involving the Relevant Parties; and (v) pending litigation involving our Group Company which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions including penalties imposed by the SEBI or Stock Exchanges against our Promoters in the last five Fiscal Years, including any outstanding action. There are no outstanding litigation proceedings involving our Group Company that may have a material impact on our Company.*

*For the purpose of disclosure of pending material litigation in (iv) above, our Board in its meeting held on December 17, 2024, has considered and adopted the Materiality Policy, in terms of which, any outstanding litigations involving a claim or an amount which exceeds ₹ 193.36 Lakhs, being the amount equivalent to 10% of the profit after tax for the last completed Fiscal as per the Restated Consolidated Financial Statements would be considered ‘material’. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered ‘material’ only in the event that the outcome of such litigation has a material adverse bearing on the business, operations, performance, prospectus, reputation, results of operations or cash flows of our Company. This will also include civil litigations where the decision in one case is likely to affect the decision in similar cases even though the amount involved in an individual litigation may not exceed the amount equivalent to 10% of the profit after tax for the last completed Fiscal as per the Restated Consolidated Financial Statements.*

*For the purposes of this section, pre-litigation notices (other than those received from governmental, statutory, regulatory, judicial or tax authorities), have not been considered material and/ or have not been disclosed as pending matters until such litigation proceedings have been initiated against the Relevant Parties before any judicial or arbitral forum.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. In terms of the Materiality Policy, outstanding dues to any creditor (on the basis of amounts derived from the head “Trade Payable” in the Restated Consolidated Financial Statements) of our Company having a monetary value which exceeds 10% of the total amounts due derived from the head “Trade Payables” in the Restated Consolidated Financial Statements of our Company as of the latest period in Restated Consolidated Financial Statements of the Company (i.e. September 30, 2024) shall be considered as ‘material’. Accordingly, as on September 30, 2024, any outstanding dues exceeding ₹ 5.48 Lakhs have been considered as material outstanding dues for the purposes of identification of material creditors and related information in this section. Further, for outstanding dues to MSMEs, the disclosure is based on information available with our Company regarding status of the creditors under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder.*

*All terms defined in a particular litigation disclosure below correspond to that particular litigation only. Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.*

## **I. Litigation involving our Company**

### **A. *Outstanding litigation against our Company***

#### **1. Criminal proceedings**

Nil

#### **2. Actions by regulatory and statutory authorities**

- (i) Our Company along with Kaviraj Singh and Ashok Kumar Gautam, Promoters and Directors of our Company and Sanjeev Kumar, former Director of our Company have, vide e-Form GNL-1 (SRN: N00006486) dated October 02, 2024, voluntarily filed an application before the Hon'ble Regional Director, Northern Region, New Delhi under section 441 read with section 147 for violation of Section 143 of the Companies Act, 2013 with respect to an inadvertent statement mentioned in the audit report issued by erstwhile statutory auditors for financial year 2020-21 to the effect that the Company was not a going concern. The erstwhile statutory auditors have vide letter dated June 3, 2024 have confirmed that the said statement mentioned in the audit report was incorrect. The matter is currently pending before the RD.
- (ii) Our Company along with Kaviraj Singh and Ashok Kumar Gautam, Promoters and Directors of our Company and Sanjeev Kumar, former Director of our Company have, vide e-Form GNL-1 (SRN: N00006213) on October 02, 2024, voluntarily filed an application before the Hon'ble Regional Director, Northern Region, New Delhi under section 441 read with section 147 for violation of section 139 of the Companies Act, 2013 with respect to delay in filing of e-Form ADT-1 for financial year 2020-21 and 2021-22 for appointment of auditor and inadvertent errors made in e-Form ADT-1 filed by our Company for appointment of auditor for the period from April 01, 2022 to March 31, 2027.. In this regard, the Company has filed Form ADT-1 on May 27, 2024 to regularize the auditor's appointment. The matter is currently pending before the RD.
- (iii) Our Company along with Kaviraj Singh and Ashok Kumar Gautam, Promoters and Directors of our Company and Sanjeev Kumar, former Director of our Company have, vide e-Form GNL-2 (SRN: AB2188369) dated December 18, 2024, voluntarily filed an application before the RoC under section 454 for adjudication of penalties for default made under Section 92 of the Companies Act, 2013. Our Company had inadvertently recorded / missed out on recording certain incorrect details *inter alia* pertaining to the principal business activity of the Company, particulars of subsidiaries, details of transfer of equity shares from Sanjeev Kumar and remuneration of directors in Form MGT- 7 for the Financial Years 2018-19, 2019-20 and 2022-23 and in Form MGT-7A for the Financial Years 2020-21 and 2021-22. The matter is currently pending before the RoC.
- (iv) Our Company along with Kaviraj Singh and Ashok Kumar Gautam, Promoters and Directors of our Company and Sanjeev Kumar, former Director of our Company have, vide e-Form GNL-2 (SRN: AB2188602) dated December 18, 2024, voluntarily filed an application before the RoC under section 454 for default made under section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 for default in disclosing certain information and inadvertent statements made in the Company's Board Report for the Financial Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 *inter alia* pertaining to foreign exchange earnings and outgo, applicability of the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013, subsidiaries, accounts of the Company not being prepared on a going concern basis and resignation of Abhishek Mahawar from the Board. The matter is pending before the RoC.

#### **3. Other material pending proceedings**

Nil

**B. *Outstanding litigation by our Company***

**1. Criminal proceedings**

Nil

**2. Other material pending proceedings**

Nil

**II. Litigation involving our Promoters**

**A. *Outstanding litigation against our Promoters***

**1. Criminal proceedings**

Nil

**2. Disciplinary actions including penalties imposed by the Stock Exchanges in the last five Financial Years**

Nil

**3. Actions by regulatory and statutory authorities**

For actions by regulatory and statutory authorities against the Promoters of our Company, please see “– *Litigation involving our Company – Actions by regulatory and statutory authorities*” on page 350.

**4. Other material pending proceedings**

Nil

**B. *Outstanding litigation by our Promoters***

**1. Criminal proceedings**

Nil

**2. Other material pending proceedings**

Nil

**III. Litigation involving our Subsidiaries**

**A. *Outstanding litigation against our Subsidiaries***

**1. Criminal proceedings**

Nil

**2. Actions by regulatory and statutory authorities**

Nil

**3. Other material pending proceedings**

Nil

**B. Outstanding litigation by our Subsidiaries**

**1. Criminal proceedings**

Nil

**2. Other material pending proceedings**

Nil

**IV. Litigation involving the Directors**

**A. Outstanding litigation against our Directors**

**1. Criminal proceedings**

Nil

**2. Actions by regulatory and statutory authorities**

For actions by regulatory and statutory authorities against the Directors of our Company, who are also Promoters, please see “– *Litigation involving our Company – Actions by regulatory and statutory authorities*” on page 350.

**3. Other material pending proceedings**

Nil

**B. Outstanding litigation by our Directors**

**1. Criminal proceedings**

Nil

**2. Other material pending proceedings**

Nil

**V. Tax proceedings against our Company, Directors, Subsidiaries and Promoters.**

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company, Directors, Subsidiaries and Promoters

Nature of Proceedings	Number of cases	Amount involved (₹ in Lakhs)
<b><i>Our Company</i></b>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
<b><i>Subsidiaries</i></b>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
<b><i>Directors**</i></b>		
Direct tax	2	4.29
Indirect tax	Nil	Nil
<b><i>Promoters</i></b>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil

\*\* Excluding Promoters

## VI. Outstanding Dues to Creditors

In terms of the Materiality Policy, outstanding dues to any creditor of our Company having a monetary value which exceeds 10% of the total amounts derived from the head “Trade Payables” as of the latest period in Restated Consolidated Financial Statements of the Company (i.e. September 30, 2024), shall be considered as ‘material’. The total amounts due derived from the head “Trade Payables” in the latest Restated Consolidated Financial Statements of the Company (i.e. September 30, 2024) was ₹ 54.81 Lakhs and accordingly, creditors to whom outstanding dues as of September 30, 2024, exceed ₹5.48 Lakhs have been considered as “material creditors” for the purposes of disclosure in this Draft Red Herring Prospectus. Details of outstanding dues towards our material creditors are available on the website of our Company at [www.earthood.in](http://www.earthood.in).

Particulars	No. of Creditors	Amount (in ₹ Lakhs)
Outstanding dues to material creditors	2	25.43
Outstanding dues to micro, small and medium enterprise*	-	-
Outstanding dues to other creditors	27	29.38
Total Outstanding Dues	29	54.81

\*As defined under the Micro, Small and Medium Enterprises Development Act, 2006.

## VII. Material Developments

Except as disclosed in the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Significant economic changes that materially affected or are likely to affect income from continuing operations*” beginning on page 319 of this Draft Red Herring Prospectus, in the opinion of our Board, there have not arisen, since the date of the last financial information as disclosed in this Draft Red Herring Prospectus, any circumstances that materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months from the date of filing of this Draft Red Herring Prospectus.

## GOVERNMENT AND OTHER APPROVALS

*We have set out below a list of licenses, registrations, permissions and approvals issued by relevant governmental and regulatory authorities required to be obtained by our Company which are considered material and necessary for the purposes of undertaking our present business activities and operations (“Material Approvals”) and except as mentioned below, no further Material Approvals are required to carry on our present business activities. Unless otherwise stated, these approvals and licenses are valid as on the date of this Draft Red Herring Prospectus. Some of our Material Approvals may expire periodically in the ordinary course and applications for renewal of such expired Material Approvals are submitted in accordance with applicable requirements and procedures, as necessary.*

For further details, in connection with the regulatory and legal framework within which we operate, see the section titled “Key Regulations and Policies” beginning on page 206.

### **I. Material Approvals in relation to the Offer**

For details regarding the approvals and authorizations obtained by our Company in relation to the Offer, please see “Other Regulatory and Statutory Disclosures—Authority for the Offer” on page 356 of this Draft Red Herring Prospectus

### **II. Material Approvals in relation to our Company**

We require various approvals to carry on our business in India. We have received the following material government and other approvals pertaining to our business.

#### **A. Material Approvals in relation to incorporation**

##### **Our Company**

1. Certificate of incorporation dated September 14, 2012, issued to our Company by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi under its former name, under its former name Earthhood Services Private Limited.
2. Fresh certificate of incorporation dated September 23, 2024, issued to our Company by the Registrar of Companies, Haryana at Gurgaon, pursuant to conversion of our Company from private limited to public limited.
3. Our Company has been allotted the corporate identity number U93000HR2012PLC047116.

##### **Our Material Subsidiary**

1. Certificate of Incorporation dated September 15, 2021 issued by the Registrar of Companies for England and Wales to our Material Subsidiary for being incorporated as a private company under the UK Companies Act, 2006 with company number is 13622873.

#### **B. Material Approvals in relation to our business and operations**

##### **Our Company**

1. Udyam Registration bearing number UDYAM-HR-05-0013121 dated February 02, 2021 as Micro Enterprise under the Micro, Small and Medium Enterprise Act, 2006 and the same is valid until modified/cancelled.
2. Fire Safety Certificate bearing Memo No. FS/2023/413, dated April 10, 2023 issued by Fire Station Officer, Gurugram and the same is valid upto April 09, 2026.

## **Our Material Subsidiary**

*NIL*

### **C. Tax related Material Approvals**

#### **Our Company**

1. The permanent account number of our Company is AADCE2064L and the same is valid until cancelled.
2. The tax deduction account number of our Company is RTKE01497G and the same is valid until cancelled.
3. The GST registration number of our Company is 06AADCE2064L1ZO issued by the Government of India and the State Governments for GST payments in the state of Haryana where our business operations is situated and the same is valid until cancelled.

#### **Material Subsidiary**

1. Certificate from HM Revenue & Customs dated December 20, 2021.

### **D. Employment related Material Approvals of our Company**

1. Under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, our Company has been allotted EPF code number GNGGN1753132000 for the state of Haryana and the same is valid until cancelled.
2. Under the provisions of the Employees' State Insurance Act, 1948 our Company has been allotted code ESIC code number 69000624580000900 for the state of Haryana and the same is valid until cancelled.
3. Under the provisions of Punjab Shops and Commercial Establishment Act, 1958 our Company has been allotted Registration Certificate having registration number PSA/REG/GGN/LI-GGN-12/0353727 and PSA/REG/GGN/LI-GGN-12/0354759 issued on October 18, 2024 and October 24, 2024 respectively and is valid until cancelled.

### **III. Material Approvals applied for but not yet received:**

Nil

### **IV. Material Approvals required but not obtained or applied for:**

Nil

### **V. Material Approvals expired and renewal to be applied for:**

As on the date of this Draft Red Herring Prospectus, there are no material approvals of our that have expired or which renewal is to be applied for

### **VI. APPROVALS OBTAINED IN RELATION TO INTELLECTUAL PROPERTY RIGHTS**

As of the date of this Draft Red Herring Prospectus, our Company does not have any registered trademarks. We have

however made two applications for obtaining trademark registrations of device:  
Earthood under Class 42 of the Trade Mark Act, 1999.

**Earthood**

and wordmark:



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### *Corporate Approvals*

The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on December 2, 2024, and our Shareholders have authorised the Fresh Issue pursuant to their meeting held on December 2, 2024.

Draft Red Herring Prospectus has approved pursuant to a resolution passed by our Board on December 26, 2024.

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

### Authorization of the Selling Shareholders

Each of the Promoter Selling Shareholders has, severally and not jointly, confirmed and approved his participation in the Offer for Sale in relation to its respective portion of the Offered Shares, as set out below:

Name of the Promoter Selling Shareholders	Aggregate number of Equity Shares being offered in the Offer for Sale	Date of consent letter
Dr. Kaviraj Singh	Up to 27,30,000	December 17, 2024
Ashok Kumar Gautam	Up to 14,70,000	December 17, 2024

Each of the Promoter Selling Shareholders specifically confirm, severally and not jointly, that they are in compliance with Regulation 8 of the SEBI ICDR Regulations and have held the Offered Shares for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus.

### In-principle Listing Approvals

Our Company has received in-principle approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by SEBI or any other regulatory authorities

Our Company, Promoters, Directors, members of our Promoter Group, the Promoter Selling Shareholders, the persons in control of our Company (being our Promoters), are not prohibited from accessing the capital market for any reason or debarred from buying, selling or dealing in securities, under any order or directions by the SEBI or any other securities market regulator in any other jurisdiction or any other authority/ court as on the date of this Draft Red Herring Prospectus.

Our Company, Promoters or Directors have neither been declared as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI. Further, there have not been any violations of securities laws by our Promoters and our Directors.

Further, none of our Promoters or Directors have been declared as fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

### **Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, our Promoters, the Promoter Group and the Promoter Selling Shareholders, severally and not jointly, are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent in force and applicable, as on the date of this Draft Red Herring Prospectus.

### **Directors associated with the securities market**

None of our Directors are associated with the securities market in any manner including securities market related business. Further, no outstanding action has been initiated against any of our Directors by SEBI in the five years preceding the date of this Draft Red Herring Prospectus

### **Eligibility for the Offer**

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

*“An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy-five per cent of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”*

We are an unlisted company that did not satisfy the conditions specified in Regulation 6(1)(a) & (b) of the SEBI ICDR Regulations, i.e., our Company does not have (a) net tangible assets of more than ₹ 300.00 Lakhs, calculated on a restated and consolidated basis, in each of the preceding three full financial years, of which not more than fifty per cent are held in monetary assets; and (b) an average operating profit of at least fifteen crore rupees, calculated on a restated and consolidated basis, during the preceding three financial years and is, therefore, required to allot not less than 75% of the Net Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Company confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

We are eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulations 6(2) of the SEBI ICDR Regulations. Accordingly, in accordance with Regulation 32(1) of the SEBI ICDR Regulations we are required to allot not less than 75% of the Net Offer to QIBs, 5% of which shall be allocated to Mutual Funds exclusively. Further, not more than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders out of which (a) one third of such portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000 and should our Company fail to do so, the Bid Amounts received by our Company shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and applicable law.

Our Company is in compliance with the conditions specified in Regulation 5 and Regulation 7(1) of the SEBI ICDR Regulations, as follows:

- a. Our Company, each of the Promoter Selling Shareholders, our Promoters, the members of our Promoter Group and our Directors are not debarred from accessing the capital market by SEBI;
- b. None of our Promoters or our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI;
- c. None of our Company, our Promoters or our Directors have not been categorized as a Wilful Defaulter or a Fraudulent Borrower;
- d. None of our Promoters and our Directors have been declared as Fugitive Economic Offenders;
- e. As on the date of this Draft Red Herring Prospectus, except for options granted under ESOP 2023, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares of face value of ₹10 each. For further information on ESOP 2023, see “Capital Structure” beginning on page 85.
- f. Our Company along with Registrar to the Offer has entered into tripartite agreement dated July 19, 2024 with NSDL and tripartite agreement dated July 19, 2024 with CDSL, for dematerialisation of the Equity Shares;
- g. The Equity Shares held by our Promoters are in the dematerialised form;
- h. All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus; and
- i. As the Net Proceeds will not be utilised for financing a specific project, the requirement to make firm arrangement of finance through verifiable means towards at least 75% of the stated means of finance are not applicable to this Offer.

#### **DISCLAIMER CLAUSE OF SEBI**

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, UNISTONE CAPITAL PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, UNISTONE CAPITAL PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, UNISTONE CAPITAL PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 26, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS 2018, AS AMENDED.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT**

**TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLM ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.”**

All applicable legal requirements pertaining to this Offer will be complied with at the time of filing this Draft Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All applicable legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act.

**Disclaimer from our Company, the Directors, the Promoter Selling Shareholders and the BRLM**

Our Company, the Directors, the Promoter Selling Shareholders and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website <https://www.earthood.in/>, or the respective websites of any affiliate of our Company would be doing so at his or her own risk. It is clarified that none of the Promoter Selling Shareholders, accept and/or undertake any responsibility for any statements made or undertakings provided other than those specifically made or undertaken by such Promoter Selling Shareholders in relation to himself and / or the respective portion of the Equity Shares offered by him through the Offer for Sale.

The BRLM accepts no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement to be entered into between the Underwriters, the Promoter Selling Shareholders and our Company.

All information shall be made available by our Company, each of the Promoter Selling Shareholders, severally and not jointly (to the extent that the information pertain to its and its respective portions of the Offered Shares) and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, each of the Promoter Selling Shareholders, the Underwriters and their respective directors, partners, designated partners, trustees, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, each of the Promoter Selling Shareholders, the Underwriters and their respective directors, partners, designated partners, trustees, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity.

The BRLM and their respective associates and affiliates, in their capacity as principal or agents, may engage in transactions with, and perform services for, our Company, its Subsidiaries, our Promoters, the Promoter Selling Shareholders and their respective directors, officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its Subsidiaries, our Promoters, the Promoter Selling Shareholders and their directors, officers, respective group companies, respective group companies affiliates or associates or third parties, for which they have received and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

**Disclaimer from the Promoter Selling Shareholders**

Each of the Promoter Selling Shareholders, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by such Promoter Selling Shareholder in relation to himself/itself as a Selling Shareholder and in relation to its respective proportion of the Offered Shares. Bidders will be required to confirm and will be deemed to have represented to the Promoter Selling Shareholders and their respective directors, officers, agents, affiliates,

and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Promoter Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

### **Disclaimer in respect of Jurisdiction**

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in equity shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds (subject to applicable law), National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares of face value of ₹10 each.

This Draft Red Herring Prospectus does not constitute an offer to sell an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, other than in India, to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to this Draft Red Herring Prospectus which comprises this Draft Red Herring Prospectus. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus had been filed with SEBI for its observations and this Draft Red Herring Prospectus has been filed with RoC, SEBI and the Stock Exchanges. Accordingly, the Equity Shares of face value of ₹10 represented hereby may not be offered or sold, directly or indirectly and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of our Company or the Promoter Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.

### **Eligibility and Transfer Restrictions**

The Equity Shares have not been and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "**U.S. persons**" (as defined in Regulation S under the Securities Act), 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 may be offered and sold (i) within the United States only to persons reasonably believed to be "**Qualified Institutional Buyers**" (as defined in Rule 144A under the U.S. Securities Act and referred to in this 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 are made. 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 this Draft Red Herring Prospectus as “**QIBs**”.

The Equity Shares of face value of ₹10 have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and were not offered or sold and Bids were not made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Listing**

The Equity Shares of face value of ₹10 each offered through this Draft Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares of face value of ₹10 each. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised

If the listing and trading permission is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the Bidders in pursuance of this Draft Red Herring Prospectus in accordance with applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within three Working Days from the Bid/ Offer Closing Date or such period as may be prescribed by SEBI. Each of the Promoter Selling Shareholders, severally and not jointly, confirms that it shall extend reasonable support and co-operation (to the extent of its portion of the Offered Shares) as required by law for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares of face value of ₹10 each on the Stock Exchanges within three Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed. If our Company does not allot Equity Shares of face value of ₹10 each pursuant to the Offer within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period, in accordance with applicable law.

#### **Consents**

Consents in writing of each of the Promoter Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Banker(s) to the Company, legal counsel, CRISIL, the BRLM, the Registrar to the Offer, Statutory Auditors, the Syndicate Member, the Bankers to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank, Sponsor Banks, to act in their respective capacities, obtained and will be filed along with a copy of this Red Herring Prospectus with the RoC as required under the Companies Act and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus to the RoC and Prospectus for filing with the ROC.

## **Experts to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consents from the following persons to include their names in this Draft Red Herring Prospectus as an “Expert” as defined under Section 2(38) and 26 of the Companies Act, read with SEBI ICDR Regulations and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus:

- (i) Consent dated December 23, 2024, from our Statutory Auditor namely, M/s. Jagdish Chand & Co., Chartered Accountants, to the extent and in their capacity as our Statutory Auditor in respect of (i) the examination report dated December 17, 2024 on the Restated Consolidated Financial Statements; (ii) their report on Statement of Possible Special Tax Benefits dated December 23, 2024; and (iii) in respect of the certificates issued by them in their capacity as an Statutory Auditor to our Company included in this Draft Red Herring Prospectus .

Such consents have not been withdrawn as on the date of this DRHP. However, the term “expert” and the consent thereof shall not be construed to mean an “expert” or consent within the meaning as defined under the U.S. Securities Act.

## **Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issue during the last five years, preceding the date of this Draft Red Herring Prospectus.

## **Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years**

Other than as disclosed in “*Capital Structure – Notes to the capital structure - Share Capital History of our Company – Equity Share Capital*” on page 86 our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. None of our Group Company or Subsidiaries are listed on any stock exchange. Further, our Company does not have any associate.

## **Commission and brokerage on previous issues of the Equity Shares of face value of ₹10 each in the last five years**

Since this is an Initial Public Offer of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares in the five years preceding the date of this Draft Red Herring prospectus.

## **Performance vis-à-vis objects – Public/ rights issue of our Company**

Our Company has not undertaken any public issue or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

## **Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company**

As on the date of this Draft Red Herring Prospectus, none of our Subsidiaries are listed on any stock exchange. Further, our Company does not have a corporate promoter.

## **Observations by regulatory authorities**

There are no findings or observations pursuant to any inspections by SEBI or any other regulatory authority in India which are material and are required to be disclosed, or the non-disclosure of which may have a bearing on the investment decision of prospective investors in the Offer.

**Price Information and track record of past issued handled by the Book Running Lead Manager**

Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by *Unistone Capital Private Limited*

Sr. No.	Issue Name	Issue Size (₹ in Lakhs)	Issue price	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
<b>Main Board</b>								
1	Exicom Tele-Systems Limited	42,899.90	142	March 05, 2024	265.00	46.41% [0.71%]	113.49% [4.06%]	171.51% [12.88%]
2	Platinum Industries Limited	23,531.69	171	March 05, 2024	225.00	19.36% [0.71%]	15.32% [4.06%]	143.19% [12.88%]
3	Saraswati Saree Depot Limited	16,001.28	160	August 20, 2024	194.00	6.98% [2.90%]	-20.96% [-5.04%]	-
4	Shree Tirupati Balajee Agro Trading Company Limited	16,965.20	83	September 12, 2024	90.00	-7.37% [-1.67%]	-6.18% [-2.94%]	-
5	Arkade Developers Limited	41,000.00	128	September 24, 2024	175.00	7.30% [-6.17%]	27.28% [-8.43%]	-
6	Diffusion Engineers Limited	15,796.40	168	October 04, 2024	193.50	119.17% [-2.84%]	-	-
<b>SME Platform</b>								
1	Manglam Infra & Engineering Limited	2,761.92	56	July 31, 2024	106.40	19.73% [1.14%]	-10.89% [-1.94%]	-
2	Deccan Transcon Leasing Limited	6,505.92	108	September 24, 2024	116.00	-42.59% [-6.17%]	-46.20% [-8.43]	-
3	OBSC Perfection Limited	6,602.40	100	October 29, 2024	110.00	75.30% [-2.26%]	-	-
4	Usha Financial Services Limited	9,844.80	168	October 31, 2024	164.00	-30.33% [-0.31%]	-	-

Source: [www.nseindia.com](http://www.nseindia.com)



(1) NSE as Designated Stock Exchange.

Notes:

- Issue size derived from Prospectus/final post issue reports, as available.
- The CNX NIFTY is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
- Price on NSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
- In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

**Summary statement of price information of past public issues handled by Unistone Capital Private Limited**

Financial year	Total no. of IPO*	Total funds Raised (₹ in Lakhs)	Nos of IPOs trading at discount on 30th Calendar day from listing date			Nos of IPOs trading at premium on 30 <sup>th</sup> Calendar day from listing date			Nos of IPOs trading at discount on 180 <sup>th</sup> Calendar day from listing date			Nos of IPOs trading at premium on 180 <sup>th</sup> Calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less Than 25%
<b>Main Board</b>														
FY 2022-23	1	15,498.00	-	-	-	1	-	-	-	-	-	-	1	-
FY 2023-24	5	1,29,110.09	-	-	-	1	2	2	-	-	-	3	1	1
FY 2024-25	4	89,762.88	-	-	1	1	-	2	-	-	-	-	-	-
<b>SME Platform</b>														
FY 2022-23	2	6,094.08	-	-	-	-	1	1	-	-	-	-	1	1
FY 2023-24	5	16,925.97	-	-	-	-	2	3	-	-	1	2	1	1
FY 2024-25	4	25,715.04	-	1	-	1	-	1	-	-	-	-	-	-

**Track record of past issues handled by the Book Running Lead Manager**

For details regarding the track record of the BRLM, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the website [www.unistonecapital.com](http://www.unistonecapital.com).

## **Stock market data of Equity Shares of face value of ₹10 each**

This being an initial public offer of Equity Shares of face value of ₹10 each of our Company, the Equity Shares of face value of ₹10 each are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares of face value of ₹10 each.

## **Mechanism for Redressal of Investor Grievances**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares or any such later period as may be prescribed under the applicable law to enable the Bidders to approach the Registrar to the Offer for redressal of their grievances.

All grievances (other than of Anchor Investors) in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove. All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer.

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

In case of any delay in unblocking of amounts in the ASBA Accounts exceeding two Working Days from the Bid / Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount or the entire duration of delay exceeding three Working Days from the Bid / Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

In terms of SEBI , circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 ("March 2021 Circular"), amended by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 ("June 2021 Circular"), each to the extent not rescinded by the SEBI ICDR Master Circular in relation to the SEBI ICDR Regulations, has identified the need to put in place measures in order to manage and handle investor issues arising out of the UPI Mechanism inter alia in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/ SCSBs, failure to unblock funds for cancelled/ withdrawn/ deleted cases in the stock exchange platforms, failure to unblock funds in cases of partial allotment by the next working day from the finalization of basis of allotment, failure to unblock the funds in cases of non-allotment by the Issue Closing Date, SCSBs blocking multiple amounts for the same UPI mechanism, and SCSBs blocking more amount in the investors' accounts than the application amount.

As per the SEBI ICDR Master Circular read with the March 2021 Circular, and the June 2021 Circular, as amended by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, each to the extent applicable and not rescinded by the SEBI ICDR Master Circular in relation to the SEBI ICDR Regulations, SEBI has prescribed certain mechanisms for initial public offerings to ensure proper management of investor issues arising out of the UPI Mechanism, inter alia including (i) identification of a nodal officer by SCSBs for IPO applications processed through UPI as a payment mechanism; (ii) delivery

of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) periodic sharing of statistical details of mandate blocks/ unblocks, performance of apps and UPI handles, network latency or downtime, etc., by the Sponsor Bank(s) to the intermediaries forming part of the closed user group vide email; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid; and (v) mandating SCSBs to ensure that the unblock process for nonallotted/ partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalization of the Basis of Allotment.

In terms of the SEBI ICDR Master Circular read with the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to the SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, each to the extent not rescinded by the SEBI ICDR Master Circular in relation to the SEBI ICDR Regulations, and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with the SEBI ICDR Master Circular read with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, each to the extent not rescinded by the SEBI ICDR Master Circular in relation to the SEBI ICDR Regulations, in the events of delayed unblock for cancelled/ withdrawn/ deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/ partially-allotted applications, for the stipulated period.

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation in compliance with the SEBI ICDR Master Circular read with the SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, and SEBI Master Circular no. SEBI/HO/MIRSD/POD1/P/CIR/2023/70 dated May 17, 2023, to the extent applicable, and not rescinded by the SEBI ICDR Master Circular in relation to the SEBI ICDR Regulations..

Separately, pursuant to the SEBI ICDR Master Circular and the March 2021 Circular (to the extent not rescinded by the SEBI ICDR Master Circular in relation to the SEBI ICDR Regulations), the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism for which the relevant SCSBs shall be liable to compensate the investor:

<b>Scenario</b>	<b>Compensation amount</b>	<b>Compensation period</b>
Delayed unblock for cancelled/withdrawn/deleted applications	₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation /withdrawal/deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount and 2. ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock

Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount and 2. ₹ 100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted / partially Allotted applications	₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalization of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the post-Offer BRLM shall be liable to compensate the investor ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

Our Company, the BRLM and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the applicable provisions of SEBI ICDR Regulations

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

#### **Disposal of Investor Grievances by our Company**

Our Company has applied for registration on the SEBI SCORES platform and shall obtain authentication and comply in terms of the SEBI circular no. CIR/OIAE/1/2013 dated April 17, 2013 read with SEBI circular bearing number SEBI/HO/OIAE/IGRD/CIR/P/2021/642 dated October 14, 2021 and shall comply with SEBI circular bearing number CIR/OIAE/1/2014 dated December 18, 2014 and SEBI Circular SEBI/HO/OIAE/IGRD/P/CIR/2022/0150 dated November 7, 2022 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor complaints during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus. Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. Each of the Promoter Selling Shareholders, specifically, severally and not jointly, has authorized our Company Secretary and Compliance Officer, and the Registrar to the Offer to redress any complaints received from Bidders in respect of its respective portion of the Offered Shares.

Our Company has appointed Vishaka Jalan, as the Company Secretary & Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For further details, see “*General Information - Company Secretary and Compliance Officer*” on page 78.

Our Company has also constituted a Stakeholders’ Relationship Committee comprising of Amar Wadhwa, Sunita Thawani and Dr. Kaviraj Singh as members, to review and redress Shareholder and investor grievances. For further details, see “*Our Management – Committees of the Board - Stakeholders’ Relationship Committee*” on page 228.

**Exemption from complying with any provisions of securities laws, if any, granted by SEBI**

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

**Other confirmations**

No person connected with the Offer shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application in the Offer, except for fees or commission for services rendered in relation to the Offer.

## SECTION VII - OFFER RELATED INFORMATION

### TERMS OF THE OFFER

*The Equity Shares being offered and Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, SEBI Listing Regulations, the terms of the Draft Red Herring Prospectus, the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, offer for sale and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer*

#### **The Offer**

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Promoter Selling Shareholders. The fees and expenses relating to the Offer shall be borne by each of our Company and the Promoter Selling Shareholders in the manner agreed to among our Company and the Promoter Selling Shareholders and in accordance with applicable law. For details in relation to the sharing of Offer expenses, see “*Objects of the Offer*” beginning on page 99 .

#### **Ranking of Equity Shares**

The Equity Shares being offered and Allotted/ transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, our Memorandum of Association and our Articles of Association shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including in all respect of the right of received dividend and voting. The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 406.

#### **Mode of Payment of Dividend**

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, our Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted or transferred Equity Shares pursuant to the Offer, for the entire year, in accordance with applicable laws. For further details in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of the Articles of Association*” on pages 238 and 406, respectively.

#### **Face Value, Offer Price and Price Band**

The face value of each Equity Share is ₹ 10. The Floor Price is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share, being the Price Band. The Anchor Investor Offer Price is ₹ [●] per Equity Share. The Price Band and the minimum Bid Lot will be decided by our Company, in consultation with the Book Running Lead Manager and shall be advertised in all editions of [●], an English national daily newspaper, all editions of [●] and a Hindi national daily newspaper (Hindi also being the regional language of Haryana, where our Registered Office is located), at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Offer Price shall be determined by our Company, in consultation with the Book Running Lead Manager after the Bid/ Offer Closing Date.

At any given point of time there shall be only one denomination of Equity Shares, unless otherwise permitted by law.

### **Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or ‘e-voting’, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and our Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission, consolidation or sub-division, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 406.

### **Allotment only in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form (i.e. not in the form of physical certificates and be represented by the statement issued through the electronic mode). As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated July 19, 2024 amongst our Company, CDSL and the Registrar to the Offer; and
- Tripartite agreement dated July 19, 2024, between our Company, NSDL and the Registrar to the Offer.

### **Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in dematerialised and electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For further details on the Basis of Allotment, see “*Offer Procedure*” on page 381.

### **Jurisdiction**

The courts of Mumbai, India will have exclusive jurisdiction in relation to this Offer.

## Joint Holders

Subject to the provisions contained in our Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

## Nomination facility to Bidders

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is modified or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or modified by nominating any other person in place of the present nominee, by the holder of the Equity Shares who made the nomination, by giving a notice of such cancellation or variation to our Company. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agent of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by our Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change their nomination, they are requested to inform their respective Depository Participant.

## Bid/ Offer Programme

<b>BID/ OFFER OPENS ON</b>	[●] <sup>(1)</sup>
<b>BID/ OFFER CLOSES ON</b>	[●] <sup>(2)</sup>

<sup>(1)</sup> Our Company, in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations.

<sup>(2)</sup> Our Company, in consultation with the Book Running Lead Manager, may consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

<sup>(3)</sup> UPI mandate end time and date shall be at 5:00 pm on Bid/Offer Closing Date, i.e. [●].

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
<b>Bid/Offer Closing Date</b>	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]



Credit of Equity Shares to dematerialized accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

*\* In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/ Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding two Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding two Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The Book Running Lead Manager shall in their sole discretion, identify and fix liability on such intermediary or entity responsible for such delay in unblocking. The BRLM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The BRLM shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked. The Bidder shall be compensated in the manner specified in the SEBI circular dated March 16, 2021, as amended pursuant to SEBI circulars dated June 2, 2021, April 20, 2022 and June 21, 2023, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable..*

*The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022*

**The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company or the Promoter Selling Shareholders or the Book Running Lead Manager.**

**Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within such time as prescribed by SEBI, the timetable may be subject to change due to various factors, such as extension of the Bid/ Offer Period by our Company, in consultation with the Book Running Lead Manager, revision of the Price Band or delay in receipt of final certificates from SCSBs, etc resulting in delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.**

In terms of the UPI Circulars, in relation to the Offer, the Book Running Lead Manager will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within such time as prescribed by SEBI, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the listing timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.**

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/ Offer Period (except the Bid/ Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. Indian Standard Time (“IST”)
<b>Bid/ Offer Closing Date*</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

*\*UPI mandate end time and date shall be at 5:00 pm on [●]*

**On the Bid/ Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs and Eligible Employees bidding in the Employee Reservation Portion.

On Bid/ Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received from the RIBs and Eligible Employees bidding in the Employee Reservation Portion, after taking into account the total number of Bids received and as reported by the Book Running Lead Manager to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/ withdrawn/ deleted applications to the SCSBs on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the Book Running Lead Manager and the RTA on a daily basis, as per the format prescribed in SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

**It is clarified that Bids shall be processed only after the application monies are blocked in the ASBA Account and Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and in any case no later than 1:00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids and any revision in Bids will be accepted only during Monday to Friday (excluding any public/ bank holiday). Investors may please note that as per letter no. LIST/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing. None of our Company, each of the Promoter Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software or hardware system or otherwise or blocking of application amount by SCSBs on receipt of instructions from the Sponsor Banks due to any errors,

omissions, or otherwise non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in the UPI Mechanism.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Our Company, in consultation with the Book Running Lead Manager, reserves the right to revise the Price Band during the Bid/ Offer Period in accordance with the SEBI ICDR Regulations provided that the revised Cap Price shall be less than or equal to 120% of the revised Floor Price, the Floor Price shall not be less than the face value of the Equity Shares, and that the revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. Provided that, the Cap Price of the Price Band shall be at least 105% of the Floor Price..

**In case of any revision to the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of One Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the respective websites of the Book Running Lead Manager and at the terminals of the Syndicate Members and by intimation to SCSBs, other Designated Intermediaries and the Sponsor Banks, as applicable.**

### **Minimum Subscription**

If, as prescribed, our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the Bid/Offer Closing Date, or if the subscription level falls below the thresholds mentioned above after the Bid/Offer Closing Date, on account of withdrawal of applications or after technical rejections, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares being issued or offered under the Red Herring Prospectus, the Promoter Selling Shareholders, to the extent applicable, and our Company shall forthwith refund the entire subscription amount received in accordance with applicable law. If there is a delay beyond the prescribed time, our Company, to the extent applicable, shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law, including the SEBI master circular no. SEBI/HO/CFD/PoD-1/P/CIR/2024/0154 dated November 11, 2024. Subject to applicable law, the Promoter Selling Shareholders shall not be responsible to pay interest for any delay, unless such delay is solely and directly attributable to an act or omission of the Promoter Selling Shareholders, in which case such liability shall be on a several and not joint basis and shall be to the extent of the Offered Shares.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale. If there is a delay beyond the prescribed period, our Company becomes liable to pay the amount, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum.

In the event of an undersubscription in the Offer, the Equity Shares will be Allotted in the following order:

- i. such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed;
- ii. upon (i), all the Equity Shares held by the Promoter Selling Shareholders and offered for sale in the Offer for Sale will be Allotted; and
- iii. once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion.

In accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000, failing which the entire application monies shall be refunded forthwith in accordance with SEBI ICDR Regulations and other applicable laws. In case of delay, if any, in refund within such timelines as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws. In case of delay, if any, in unblocking of amounts in the ASBA Accounts within such timeline as prescribed under applicable laws, our Company and the Promoter Selling Shareholders shall be liable to pay interest on the application money in accordance with applicable laws.

### **Arrangements for Disposal of Odd Lots**

Since the Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer Equity share capital of our Company, lock-in of the Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 85 and except as provided in our Articles of Association, there are no restrictions on transfer or transmission of Equity Shares and their consolidation or sub-division. For further details see "*Description of Equity Shares and Terms of the Articles of Association*" on page 406.

### **Option to receive Equity Shares in dematerialized form**

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws

### **Withdrawal of the Offer**

The Offer shall be withdrawn in the event the requirement of the minimum subscription as prescribed under Regulation 45 of the SEBI ICDR Regulations is not fulfilled. Our Company, in consultation with the BRLM, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company, in consultation with the BRLM, decides not to proceed with the Offer, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLM, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank(s) to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company, in consultation with the Book Running Lead Manager, withdraws the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with a public offering of Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI and the Stock Exchanges.

## OFFER STRUCTURE

The Offer is of up to 78,00,000 Equity Shares of face value of ₹ 10 at an Offer Price of ₹ [●] per Equity Share for cash (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] Lakhs comprising a Fresh Issue of up to 36,00,000 Equity Shares aggregating up to ₹ [●] Lakhs and an Offer of Sale of up to 42,00,000 Equity Shares aggregating up to ₹ [●] Lakhs by the Promoter Selling Shareholders. The Offer may comprise an Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] Lakhs. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer and Net Offer will constitute [●]% and [●]%, respectively of the post-Offer paid-up equity share capital of our Company.

Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement of not exceeding 20% of the Fresh Issue or such other amount as may be allowed under applicable law for cash consideration aggregating up to ₹ INR [●] Lakhs, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLM and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees <sup>#</sup>	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation <sup>(2)</sup>	Up to [●] Equity Shares of ₹ 10 each	Not less than [●] Equity Shares of ₹ 10 each	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and RIBs	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	The Employee Reservation Portion shall constitute up to [●] of the post-offer paid-up Equity Share capital of our Company.	Not less than 75% of the Net Offer shall be available for allocation to QIB Bidders. However, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion.	Not more than 15% of the Net Offer or Offer less allocation to QIB Bidders and RIBs shall be available for allocation out of which (a) one third of such portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders.	Not more than 10% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders

Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate#; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000.  In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for a value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding 500,000.	Proportionate as follows (excluding the Anchor Investor Portion): a)[●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and b)[●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bid received from domestic Mutual Funds at or above the Anchor Investor Allocation Price	The Equity Shares available for allocation to Bidders in the Non-Institutional Portion shall be subject to the following: (a) One-third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size more than ₹200,000 upto ₹10.00 Lakhs; and (b) Two-thirds of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹10.00 Lakhs. Provided that the unsubscribed portion in either of these two subcategories of Non-Institutional Portion may be allocated to the Bidders in the other sub-category of Non-Institutional Portion in accordance with SEBI ICDR Regulations.  The allotment to each Non-Institutional Bidder shall not be less than the Minimum NIB Bid Size, subject to availability of Equity Shares in the Non-Institutional Portion and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis, in accordance with SEBI ICDR Regulations.	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, "Offer Procedure" on page 381.
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹500,000, if any	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer (excluding the Anchor Investor Portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, (excluding the QIB Portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Who can apply(3)	Eligible Employees such that the Bid Amount does not exceed ₹500,000	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, Mutual Funds, FPIs (other than	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts and FPIs who are individuals,	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

		individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹2500 Lakhs, pension funds with minimum corpus of ₹2500 Lakhs, registered with the Pension Fund Regulatory and Development Authority established under subsection (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, National Investment Fund set up by the GoI through resolution F. No.2/3/2005-DDII dated November 23, 2005, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs in accordance with applicable laws.	corporate bodies and family offices and registered with SEBI	
Mode of Bidding	Through ASBA process only (except Anchor Investors). In case of UPI Bidders, ASBA process will include the UPI Mechanism.			
Mode of Allotment	Compulsorily in dematerialized form			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.			
Trading Lot	One Equity Share			
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank(s) through the UPI Mechanism (for RIBs or individual investors bidding under the Non – Institutional Portion for an amount of more than ₹ 200,000 and up to ₹ 5.00 Lakhs, using the UPI Mechanism), that is specified in the ASBA Form at the time of submission of the ASBA Form</p>			

\* Assuming full subscription in the Offer.

*# Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. An Eligible Employee Bidding in the Employee Reservation Portion (subject to Bid Amount being up to ₹200,000) can also Bid in the Retail Portion and such Bids shall not be considered multiple Bids. However, Bids by Eligible Employees Bidding in the Employee Reservation Portion and in the Non Institutional Portion shall be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹ 200,000 in the Employee Reservation Portion.*

*# Our Company, in consultation with the Book Running Lead Manager, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.*

- (1) Subject to valid Bids being received at or above the Offer Price. This Offer is made in accordance with the Rule 19(2)(b) of the SCRR and is being made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*
- (2) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The relevant Bidders should ensure that the depository account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company and the Promoter Selling Shareholders reserve the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories. The Bidders will be required to confirm and will be deemed to have represented to our Company, each of the Promoter Selling Shareholders, the Book Running Lead Manager, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*
- (3) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. For details of terms of payment of applicable to Anchor Investors, see General Information Document available on the website of the Stock Exchanges and the BRLM. Anchor Investors are not permitted to participate in the Offer through the ASBA process. SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings, where the application amount is up to ₹ 500,000, shall use UPI. Individual investors Bidding under the Non-Institutional Portion Bidding for more than ₹ 200,000 and up to ₹ 500,000, using the UPI Mechanism, shall provide their UPI ID in the Bid-cum-Application Form for Bidding through Syndicate, Sub-Syndicate Members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers. Further SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, NIB and RIB and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.*

Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. Allotment to an Eligible Employee in the Employee Reservation Portion may not exceed ₹ 200,000 in value.



Only in the event of an under-subscription in the Employee Reservation Portion, post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 in value. Eligible Employees bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids only if Eligible Employee has made an application of more than ₹ 20,00,000 Lakhs in the Employee Reservation Portion. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. For further details, see “*Terms of the Offer*” beginning on page 369.

The Bids by FPIs with certain structures as described under “*Offer Procedure - Bids by FPIs*” on page 388 and having same PAN will be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) will be proportionately distributed. Bidders will be required to confirm and will be deemed to have represented to our Company, each of the Promoter Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories or a combination of categories at the discretion of our Company, in consultation with the Book Running Lead Manager and the Designated Stock Exchange, on a proportionate basis. For further details, see the “*Terms of the Offer*” beginning on page 369.

## OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Offers prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “General Information Document”), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the Abridged Prospectus accompanying the Bid cum Application Form. The General Information Document is also available on the websites of the Stock Exchanges and the Book Running Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, including in relation to the process for Bids by UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer, (ii) maximum and minimum Bid size, (iii) price discovery and allocation, (iv) payment instructions for ASBA Bidders, (v) issuance of Confirmation of Allocation Note and Allotment in the Offer, (vi) general instructions (limited to instructions for completing the Bid cum Application Form), (vii) Designated Date, (viii) disposal of applications, (ix) submission of Bid cum Application Form, (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds), (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications, (xii) mode of making refunds, and (xiii) interest in case of delay in Allotment or refund.*

*The SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective until June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for of UPI Phase II until further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by UPI Bidders (“UPI Phase III”), as may be prescribed by the SEBI. Pursuant to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, the final reduced timeline of T+3 days using the UPI Mechanism for applications by UPI Bidders has been made voluntary for public issues opening on or after September 1, 2023, and mandatory for public issues opening on or after December 1, 2023 (“T+3 Circular”). Accordingly, the Offer will be undertaken as per the processes and procedures under UPI Phase III, subject to any circulars, clarification or notification issued by the SEBI from time to time.*

*Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI master circular no. SEBI/HO/CFD/PoD-1/P/CIR/2024/0154 dated November 11, 2024 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The provisions of these circulars are deemed to form part of this Draft Red Herring Prospectus. Furthermore, pursuant to SEBI circular no.*

*SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹500,000 shall use the UPI Mechanism. This circular has come into force for initial public offers opening on or after May 1, 2022 and the provisions of these circular are deemed to form part of this Draft Red Herring Prospectus. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings (opening on or after September 1, 2022) shall be processed only after application monies are blocked in the bank accounts of investors (all categories). Accordingly, Stock Exchanges shall, for all categories of investors and other reserved categories and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in*

*SEBI Circular. No. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.*

*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. The Book Running Lead Manager shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Bidders shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended by the in SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.*

*Our Company, the Promoter Selling Shareholders and the Syndicate and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus and the Prospectus.*

*Further our Company, the Promoter Selling Shareholders and the Syndicate Members are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

## **Book Building Procedure**

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, read with Regulation 31 of the SEBI ICDR Regulations, through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders out of which (a) one third of such portion shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 10 Lakhs; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹ 10 Lakhs, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of or any other manner as

introduced in accordance with applicable laws to Non-Institutional Bidders and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the Book Running Lead Manager and the Designated Stock Exchange and subject to applicable laws. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification by the CBDT dated February 13, 2020 read with press releases dated June 25, 2021 and September 17, 2021, read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

### **Phased implementation of UPI**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, among others, equity shares. Pursuant to the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 (“**Previous UPI Circulars**”) and the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by UPI Bidders through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars and the Previous UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular bearing number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase was extended till further notice. Under this phase, submission of the ASBA Form without UPI by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds was discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase.

SEBI through its circular SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, prescribed that all individual bidders applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹ 500,000, shall use UPI. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹ 200,000 and up to ₹500,000, using the UPI Mechanism, shall provide their UPI ID in the Bid cum-Application Form for Bidding through Syndicate, Sub-Syndicate Members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

**Phase III:** This phase has become applicable on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023, vide SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 (“**T+3 Notification**”). In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer shall be undertaken pursuant to the processes and procedures as notified in the T+3 Notification as applicable, subject to any circulars, clarification or notification issued by the SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation, in compliance with the SEBI RTA Master Circular in a format as prescribed by SEBI, from time to time and such payment of processing fees to the SCSBs shall be made in compliance with circulars prescribed by SEBI and applicable law. The Offer will be made under UPI Phase III of the UPI Circular.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI Bidders using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law.

Further, in terms of the UPI Circulars, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the Book Running Lead Manager and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed and (ii) applicable compensation relating to investor complaints has been paid by the SCSB. For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Book Running Lead Manager.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the Stock Exchanges ([www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/ Offer Opening Date. The Bid cum Application Forms for Eligible Employees Bidding in the Employee Reservation Portion will be available only at our offices in India.

Copies of the Anchor Investor Application Form will be available at the offices of the Book Running Lead Manager.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. UPI Bidders are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

UPI Bidders bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including UPI Bidders using UPI Mechanism, as applicable) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected. The ASBA Bidders shall ensure that they have sufficient balance in their bank accounts to be blocked through ASBA for their respective Bid as the application made by a Bidder shall only be processed after the Bid amount is blocked in the ASBA account of the Bidder pursuant to SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. UPI Bidders using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Banks, as applicable, at the time of submitting the Bid pursuant to SEBI circular bearing number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

Since the Offer is made under Phase III, ASBA Bidders may submit the ASBA Form in the manner below:

- a. RIBs (other than the UPI Bidders using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- b. UPI Bidders using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- c. QIBs and NIIs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form *
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis <sup>(1)</sup>	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis <sup>(1)</sup>	[●]
Anchor Investors <sup>(2)</sup>	[●]
Eligible Employees Bidding in the Employee Reservation Portion <sup>(3)</sup>	[●]

\* Excluding electronic Bid cum Application Forms

Notes:

- (1) *Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the websites of the Stock Exchanges ([www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)).*
- (2) *Bid cum Application Forms for Anchor Investors shall be available at the offices of the Book Running Lead Manager.*
- (3) *The Bid cum Application Forms for Eligible Employees will be available only at our offices in India.*

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis to enable the Sponsor Banks to initiate UPI Mandate Request to UPI Bidders for blocking of funds. For ASBA Forms (other than RIBs) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an

ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID / Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID / Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis through API integration to enable the Sponsor Banks to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Banks shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI mandate request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. In accordance with BSE Circular No: 20220803-40 and NSE Circular No: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Banks shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Offer Closing Date (“**Cut-Off Time**”). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI mandate requests for blocking of funds prior to the CutOff Time and all pending UPI mandate requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circulars dated June 2, 2021 and April 20, 2022. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform and the liability to compensate UPI Bidders (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Banks, NPCI or the bankers to an offer) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an offer.

The Sponsor Banks and the issuer banks shall provide the audit trail to the Book Running Lead Manager for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in circulars prescribed by SEBI, from time to time.

Pursuant to NSE circular dated July 22, 2022 with reference no. 23/2022 and BSE circular dated July 22, 2022 with reference no. 20220722-30, has mandated that Trading Members, Syndicate Members, RTA and Depository Participants shall submit Syndicate ASBA bids above ₹500,000 and NII & QIB bids above ₹200,000, through SCSBs only.

The processing fees for applications made by the UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such SCSBs provide a written confirmation in compliance with the SEBI RTA Master Circular, in a format prescribed by SEBI or applicable law.

Pursuant to NSE circular dated August 3, 2022, the following is applicable to all initial public offers opening on or after September 1, 2022:

- a. Cut-off time for acceptance of UPI Mandate shall be up to 5:00 pm on the initial public offer closure date and existing process of UPI bid entry by syndicate members, registrars to the offer and depository participants shall continue till further notice.
- b. There shall be no T+1 mismatch modification session for PAN-DP mismatch and bank/ location code on T+1 day for already uploaded bids. The dedicated window provided for mismatch modification on T+1 day shall be discontinued.
- c. Bid entry and modification/ cancellation (if any) shall be allowed in parallel to the regular bidding period up to 5:00 pm on the initial public offer closure day.
- d. Exchanges shall display bid details of only successful ASBA blocked applications i.e. Application with latest status as RC 100 – Block Request Accepted by Investor/ Client.

### **Electronic registration of Bids**

- a. The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids,

subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer, subject to applicable laws.

- b. On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids until such time as may be permitted by the Stock Exchanges and as disclosed in the Draft Red Herring Prospectus.
- c. Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given until 5:00 pm on the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.
- d. QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids

### **Participation by Promoters, Promoter Group, the Book Running Lead Manager, the Syndicate Members and persons related to Promoters/Promoter Group/the Book Running Lead Manager**

The BRLM and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLM or any associates of the BRLM (except Mutual Funds sponsored by entities which are associates of the BRLM or insurance companies promoted by entities which are associate of BRLM or AIFs sponsored by the entities which are associate of the BRLM or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLM); nor (ii) any “person related to the Promoter or Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoter/Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLM, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLM.

The Promoters and members of the Promoter Group will not participate in the Offer, except participation of our Promoter in the Offer for Sale.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Manager reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.



No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index fund or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts and eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSBs (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Participation of Eligible NRIs in the Offer shall be subject to compliance with the FEMA NDI Rules. In accordance with the FEMA NDI Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity share capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

For further details of restrictions on investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 404.

Participation of Eligible NRIs in the Offer shall be subject to the FEMA NDI Rules.

### **Bids by HUFs**

Bids by Hindu Undivided Families or HUFs should be made, in the individual name of the *Karta*. The Bidder/applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

### **Bids by FPIs**

An FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognised stock exchange in India and/or may purchase or sell securities other than equity instruments.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our total paid-up equity share capital on a fully diluted basis. [Further, in terms of the FEMA NDI Rules, the total holding by each FPI (or a group) shall be less than 10% of the total paid-up equity share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be sectoral caps applicable to our Company, which is 100% of the total paid-up equity share capital of our Company on a fully diluted basis.]

In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case the total holding of an FPI increases beyond 10% of the total paid-up equity share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company and the Promoter Selling Shareholders reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour). As specified in the General Information Document, it is hereby clarified that bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (“**MIM Structure**”), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the name of their respective investment manager in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids are liable to be rejected. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment manager in such confirmation; (ii) offshore derivative instruments (“**ODI**”) which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for offer procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I

FPIs; (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with Regulation 21(1) of the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA NDI Rules.

Please note that in terms of the General Information Document, the maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under applicable laws. Further, MIM Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid. Further, please note that as disclosed in this Draft Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form “*exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Draft Red Herring Prospectus.*”

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the “**FPI Group**”) shall be below 10% of the total paid-up equity share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer equity share capital shall be liable to be rejected.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 2500 Lakhs and pension funds with a minimum corpus of ₹ 2500 Lakhs (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

Our Company, in consultation with the Book Running Lead Manager in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations as amended, *inter alia*, prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in an investee company directly or through investment in the units of other AIF. A Category III AIF cannot invest more than 10% of the investible funds in an investee company directly or through investment in the units of other AIF. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Pursuant to the repeal of the SEBI VCF Regulations, the VCFs which have not reregistered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. Our Company, the Promoter Selling Shareholders, severally and not jointly and the Book Running Lead Manager will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA NDI Rules.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

#### **Bids by Limited Liability Partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Manager reserve the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by

RBI and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company, in consultation with the Book Running Lead Manager reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"). and the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the banking company's own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company, subject to prior approval of the RBI, if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company; (iii) hold along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above.

Further, the aggregate investment by a banking company in all its subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments, cannot exceed 20% of the banking company's paid up share capital and reserves.

The banking company is required to submit a time-bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make investment in a (i) subsidiary or a financial services company that is not a subsidiary (with certain exceptions prescribed); and (ii) non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in para 5(a)(v)(c)(i) of the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively, issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Manager reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended (“**IRDAI Investment Regulations**”), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by Provident Funds/Pension Funds**

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 2500 Lakhs, subject to applicable law, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholders in consultation with the Book Running Lead Manager reserve the right to reject any Bid, without assigning any reason thereof.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditor and (iv) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Manager, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

### **Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the

Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Allotment in the Employee Reservation Portion will be as detailed in the section “Offer Structure” beginning on page 376.

However, Allotments to Eligible Employees in excess of ₹ 200,000 shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under the Employee Reservation Portion by Eligible Employees shall be:

1. Made only in the prescribed Bid cum Application Form or Revision Form.
2. Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the Employee Reservation Portion.
3. In case of joint bids, the sole/ First Bidder shall be the Eligible Employee.
4. Bids by Eligible Employees may be made at Cut-off Price.
5. Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this portion.
6. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee subject to a maximum Bid Amount of ₹ 5.00 Lakhs.
7. If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
8. Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see “Offer Procedure” beginning on page 381.

### **Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section, the key terms for participation by Anchor Investors are provided below.

1. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the Book Running Lead Manager.
2. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 1000 Lakhs. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 1000 Lakhs.

3. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
4. Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date and will be completed on the same day.
5. Our Company, in consultation with the Book Running Lead Manager will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 1000 Lakhs; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 1000 Lakhs but up to ₹ 25,000 Lakhs, subject to a minimum Allotment of ₹ 500 Lakhs per Anchor Investor; and (c) in case of allocation above ₹ 25,000 Lakhs under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 25,000 Lakhs and an additional 10 Anchor Investors for every additional ₹ 25,000 Lakhs, subject to minimum Allotment of ₹ 500 Lakhs per Anchor Investor.
6. Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the Book Running Lead Manager before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.
7. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
8. If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.
9. 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
10. Neither the (a) Book Running Lead Manager (s) or any associate of the Book Running Lead Manager (other than mutual funds sponsored by entities which are associates of the Book Running Lead Manager or insurance companies promoted by entities which are associates of the Book Running Lead Manager or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the Book Running Lead Manager or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associates of the Book Running Lead Manager) nor (b) the Promoters, Promoter Group or any person related to the Promoters or members of the Promoter Group shall apply under the Anchor Investors category.
11. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids. For more information, please read the General Information Document.

**The information set out above is given for the benefit of the Bidders. Our Company, the Promoter Selling Shareholders, severally and not jointly and the Book Running Lead Manager are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as will be specified in the Red Herring Prospectus.**

#### **Information for Bidders**

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Promoter Selling Shareholders and/or the Book Running Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges

### **General Instructions**

QIB Bidders and Non-Institutional Bidders are not allowed to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. RIBs can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/ Offer Closing Date.

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that you (other than in the case of Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number) in the Bid cum Application Form if you are not an UPI bidding using the UPI Mechanism in the Bid cum Application Form and if you are an UPI Bidder using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. UPI Bidders using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (except in case of electronic Bids) within the prescribed time. Bidders (other than Anchor Investors) shall submit the Bid cum Application Form in the manner set out in the GID;
7. Ensure that you mandatorily have funds equal to or higher than the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;



8. If the first Bidder is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number in the Bid cum Application Form (for all ASBA Bidders other than UPI Bidders Bidding using the UPI Mechanism);
9. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
10. Ensure that you request for and receive a stamped acknowledgement counterfoil or acknowledgment specifying the application number as a proof of having accepted Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
11. The ASBA bidders shall ensure that bids above ₹ 5.00 Lakhs, are uploaded only by the SCSBs;
12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
13. UPI Bidders Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
14. Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and/or the designated branches of SCSBs or the relevant Designated Intermediary, as applicable;
15. UPI Bidders in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
16. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
17. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Banks, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
18. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/Dop/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular no. MRD/DoP/SE/Cir- 8 /2006 dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

19. Ensure that the Demographic Details are updated, true and correct in all respects;
20. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
21. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
22. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
23. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
24. UPI Bidders who wish to Bid using the UPI Mechanism, should submit Bid with the Designated Intermediaries, pursuant to which the UPI Bidder should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in the UPI Bidder's ASBA Account;
25. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;
26. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Banks to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
27. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
28. Anchor Investors should submit the Anchor Investor Application Forms to the Book Running Lead Manager;
29. FPIs making MIM Bids using the same PAN and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment manager in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
30. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification by the CBDT dated February 13, 2020 read with press releases dated June 25, 2021 and September 17, 2021, read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023;
31. UPI Bidders shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, an UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Banks to block the Bid Amount mentioned in the Bid Cum Application Form; and

32. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders Bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
3. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
4. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
5. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
6. Do not submit the Bid for an amount more than funds available in your ASBA account;
7. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
8. In case of ASBA Bidders, do not submit more than one ASBA Form ASBA Account;
9. If you are an UPI Bidder are using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;
10. Anchor Investors should not Bid through the ASBA process;
11. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
12. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
13. Do not submit the General Index Register (GIR) number instead of the PAN;
14. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
15. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
17. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

18. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;
19. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
20. Do not Bid for Equity Shares more than what is specified for each category;
21. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid/ Offer Closing Date;
22. Do not fill up the Bid cum Application Form such that the number of Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Draft Red Herring Prospectus;
23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIBs can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;
24. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres. If you are UPI Bidder and are using UPI Mechanism, do not submit the ASBA Form directly with SCSBs;
25. If you are an UPI Bidder which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
26. Do not Bid if you are an OCB;
27. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/ or mobile applications which is not mentioned in the list provided on the SEBI website is liable to be rejected;
28. Do not submit the Bid cum Application Forms to any non-SCSB bank; and
29. Do not submit a Bid cum Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by UPI Bidder using the UPI Mechanism).
30. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders) and ₹500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion; and
31. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Member shall ensure that they do not upload any bids above ₹ 500,000;
32. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post-Offer related issues regarding share certificates/ demat credit/refund orders/unblocking etc., investors can reach out our Company Secretary and Compliance Officer. For further details of our Company Secretary and Compliance Officer, see “*General Information*” and “*Our Management*” on pages 77 and 219 respectively.

For helpline details of the Book Running Lead Manager pursuant to the SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see “*General Information - Book Running Lead Manager*” on page 78.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

## **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchanges, along with the Book Running Lead Manager and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

## **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer may be made for the purpose of making allotment in minimum lots.

The Allotment of Equity Shares to applicants other than to the RIBs, Non-Institutional Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis.

The Allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to the availability of shares in Retail Individual Investor category and the remaining available shares, if any, shall be allotted on a proportionate basis. Not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹ 10.00 Lakhs and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 10.00 Lakhs, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder shall not be less than the Minimum NIB Application Size, subject to the availability of Equity Shares in the Non-Institutional Portion and the remaining Equity Shares.

## **Payment into Anchor Investor Escrow Accounts**

Our Company, in consultation with the Book Running Lead Manager will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of non-resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Promoter Selling Shareholders, the Syndicate, the Escrow Banks and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

## **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in all editions of [●], an English national daily newspaper, all editions of [●] and a Hindi national daily newspaper (Hindi also being the regional language of Haryana, where our Registered Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/ Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

### **Allotment advertisement**

Our Company, the Book Running Lead Manager and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of [●], an English national daily newspaper, all editions of [●] and a Hindi national daily newspaper (Hindi also being the regional language of Haryana, where our Registered Office is located), each with wide circulation.

The allotment advertisement shall be uploaded on the websites of our Company, the BRLM and the Registrar to the Offer, before 9:00 p.m. IST, on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the Equity Shares are proposed to be listed, provided such final listing and trading approval from all the Stock Exchanges is received prior to 9:00 p.m. IST on that day. In an event, if final listing and trading approval from all the Stock Exchanges is received post 9:00 p.m. IST on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the Equity Shares are proposed to be listed, then the allotment advertisement shall be uploaded on the websites of our Company, the BRLM and the Registrar to the Offer, following the receipt of final listing and trading approval from all the Stock Exchanges.

**The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Promoter Selling Shareholders, severally and not jointly and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

### **Signing of the Underwriting Agreement and Filing with the RoC**

- (a) Our Company, the Promoter Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price, but prior to filing of the Red Herring Prospectus or Prospectus, in accordance with the nature of undertaking which is determined in accordance with Regulation 40 (3) of SEBI ICDR Regulations.
- (b) If our Company, in consultation with the Book Running Lead Manager, desires to have the Offer underwritten on account of rejection of bids, then an underwriting agreement shall be signed after the filing of the Red Herring Prospectus with the RoC in accordance with the Applicable Law and an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law which would then be termed as the Prospectus. However, if our Company, in consultation with the Book Running Lead Manager, desires to have the Offer underwritten to cover any under-subscription in the Offer, then the Underwriting Agreement shall be signed before the filing of the Red Herring Prospectus with the RoC.

### **Impersonation**

**Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:**

***“Any person who:***

***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 10 Lakhs or 1% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 10 Lakhs or one per cent of the turnover of the company, whichever is lower and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 50 Lakhs or with both.

### **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders (including Anchor Investor Application Form from Anchor Investors);
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within three Working Days of the Bid/ Offer Closing Date or within such other time period prescribed by SEBI;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within three Working Days from the Bid/ Offer Closing Date or such other prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that if our Company does not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall be informed promptly;
- where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants;
- except for Equity Shares that may be allotted pursuant to (i) the Fresh Issue; (ii) the Pre-IPO Placement; and (iii) the issue of any Equity Shares pursuant to exercise of options granted under ESOP 2023, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc;

- that if the Offer is withdrawn after the Bid/ Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event a decision is taken to proceed with the Offer subsequently; and
- that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

### **Undertakings by the Promoter Selling Shareholders**

Each of the Promoter Selling Shareholders specifically undertakes and confirms, as applicable, severally and not jointly, in relation to itself and its Offered Shares that:

- it is the legal and beneficial holder of and has clear legal, valid and marketable title to its respective portion of the Offered Shares and that such Offered Shares shall be transferred in the Offer, free and clear of any encumbrance;
- its respective portion of the Offered Shares shall be transferred to an escrow demat account in dematerialized form prior to the filing of the Red Herring Prospectus with the RoC in accordance with the Share Escrow Agreement to be executed between our Company, the Promoter Selling Shareholders and the share escrow agent for the Offer;
- it shall not have recourse to the proceeds from the Offer for Sale until final listing and trading approvals are received from the Stock Exchanges, until which time all monies received shall be kept in a separate bank account in a scheduled bank, within the meaning of Section 40(3) of the Companies Act, 2013.

Only the statements and undertakings in relation to each of the Promoter Selling Shareholders and its respective portion of the Offered

Shares which are specifically “confirmed” or “undertaken” by such Promoter Selling Shareholder in this Draft Red Herring Prospectus, shall be deemed to be “statements and undertakings specifically confirmed or undertaken” by such respective Promoter Selling Shareholders. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Promoter Selling Shareholders.

### **Utilisation of Net Proceeds**

Our Board certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act;
- details of all monies utilized out of the Fresh Issue shall be disclosed and continue to be disclosed till the time any part of the Net Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.



## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“FDI”) through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**Consolidated FDI Policy**”), which, with effect from October 15, 2020 consolidated and superseded all previous press notes, press releases, circulars and clarifications on FDI issued by DPIIT that were in force and effect prior to October 15, 2020. The Consolidated FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in manufacturing activities in India (including contract manufacturing in India) is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and such transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA NDI Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA NDI Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Bid/ Offer Period.

In accordance with the FEMA NDI Rules, participation by non-residents in the Offer is restricted to participation by (i) FPIs under Schedule II of the FEMA Non-debt Instruments Rules, in the Offer subject to limit of the individual holding of an FPI below 10% of the post-Offer paid-up capital of our Company on a fully diluted basis and the aggregate limit for FPI investment currently not exceeding the sectoral or statutory cap; and (ii) Eligible NRIs only on non-repatriation basis under Schedule IV of the FEMA NDI Rules.

As per the existing policy of the Government, OCBs cannot participate in the Offer.

**The Equity Shares have not been and will not be registered under 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) outside the United States in offshore transactions as defined in and in compliance with Regulation S and the applicable laws of the jurisdictions where those offers and**

sales are made and (b) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a) of the U.S. Securities Act.

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 offered or sold and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

For further details, see “*Offer Procedure*” beginning on page 381.

The above information is given for the benefit of the Bidders. Our Company, the Promoter Selling Shareholders, severally and not jointly and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations or as specified in this Draft Red Herring Prospectus.

## SECTION VIII – DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule I of Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below. Except as disclosed below, there are no other material provisions of the Articles of Association that are required to be disclosed, or the non-disclosure of which may have a bearing on the investment decision of prospective investors in the Offer.

### COMPANY LIMITED BY SHARES ARTICLES OF ASSOCIATION OF EARTHOOD SERVICES LIMITED

#### (FORMERLY KNOWN AS EARTHOOD SERVICES PRIVATE LIMITED)

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed in an Extra Ordinary General Meeting on July 9, 2024 in substitution for and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

*The regulations contained in Table 'F' of the First Schedule to the Companies Act, 2013 shall not apply to the Company, except in so far as they are embodied in the following Articles, which shall be regulations for the management of the Company.*

#### 1. Interpretations:

- 1.1 In the interpretation of these Articles, the following words and expressions shall have the meanings assigned hereunder, unless repugnant to the subject matter or context thereof:

Act	Means the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force and Companies Act, 1956 (to the extent not repealed/ not replaced by the Companies Act, 2013), as applicable.
Articles or these Articles	Means the articles of association of the Company, as amended from time to time.
Annual General Meeting	Means a general meeting of the members held in accordance with the provisions of Section 96 of the Act or any adjourned meeting thereof.
Auditors	Means and include those persons appointed as such for the time being by the Company or, where so permitted by Applicable Law, by its Board
Applicable Law	Means the Act and as appropriate, includes any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other governmental instruction or any similar form of decision of, or determination by, or any interpretation or administration having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, or mandatory standards as may be applicable from time to time.
Beneficial Owner	Means and include beneficial owner as defined in clause (a) sub-Section (1) of Section 2 of the Depositories Act, 1996.
Board Meeting	Means a meeting of the Directors or a committee thereof, duly called and constituted.
Board or Board of Directors or the Board	Means the board of Directors for the time being of the Company
Chairperson	Shall mean the Person who acts as a chairperson of the Board of the Company
Committee	Means any committee of the Board of Directors of the Company formed as per the requirements of Act or for any other purpose as the Board may deem fit
Company or This Company	Means Earthood Services Limited
Chief Executive Officer	Means an officer of a Company, who has been designated as such by the Company
Chief Financial Officer	Means a person appointed as the Chief Financial Officer of a Company
Company Secretary or Secretary	Means a company secretary as defined in clause (c) of sub-Section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by the Company to perform the functions of a company secretary under the Act
Debenture	Includes debenture-stock, bonds and any other debt securities of the Company, whether constituting a charge on the assets of the Company or not.

Depositories Act	Shall mean the Depositories Act, 1996 and includes any statutory modification or enactment thereof
Depository	Shall mean a Depository as defined in clause (e) sub-section (1) of section 2 of the Depositories Act, 1996 and includes a company formed and registered under the Companies Act, 1956 which has been granted a certificate of registration under sub Section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
Director	Means a director of the Company for the time being, appointed as such.
Dividend	Includes interim dividend.
Extraordinary General Meeting	Means an extraordinary general meeting of the Members duly called and constituted and any adjourned meeting thereof.
Financial Year	Means the same as in Section 2(41) of the Act
Free Reserves	Means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as Dividend: Provided that— (i) any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or (ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves
In writing or written	Means and include printing, typing, lithographing, computer mode and other modes of reproducing words in visible form
Independent Director	Means a Director fulfilling the criteria of independence and duly appointed as per Applicable Law.
Key Managerial Personnel	Means such persons as defined in Section 2(51) of Act
Managing Director	Means a Director who, by virtue of the Articles of the Company or an agreement with the Company or a resolution passed in its General Meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a Director occupying the position of managing Director, by whatever name called.
General Meeting	Means a meeting of Members of the Company.
Members	Member in relation to the Company, means- (a) the subscribers to the Memorandum of Association of the Company who shall be deemed to have agreed to become members of the company and on its registration, shall be entered as member in its register of members, (b) every other person who agrees in writing to become a member of the Company and whose name is entered in the register of members of the Company; (c) every person holding shares in the Company and whose name is entered in as a Beneficial Owner in the records of a Depository.
Memorandum or Memorandum of Association	Means the memorandum of association of the Company, as amended from time to time.
Month	Means a calendar month
Ordinary Resolution	Means a resolution referred to in Section 114 of the Act.
Persons	Includes any artificial juridical person, corporations or such other entities as are entitled to hold property in their own name.
Postal Ballot	Means voting by post through postal papers distributed amongst eligible voters and shall include voting by electronic mode or any other mode as permitted under Applicable Law
Register of Beneficial Owners	Means the register of members in case of shares held with a Depository in any media as may be permitted by law, including in any form of electronic mode
Register of Members	Means the register of Members, including any foreign register which the Company may maintain pursuant to the Act and includes Register of Beneficial Owners.
Registrar	Means the Registrar of Companies of the state in which the Registered Office of the Company is for the time being situated
Seal	Means the common seal, if any, adopted for the time being of the Company
Section	Means the relevant section of the Act; and shall, in case of any modification or re-enactment of the Act shall be deemed to refer to any corresponding provision of the Act as so modified or reenacted.

Securities	Means Shares, Debentures and/or such other securities as may be treated as securities under Applicable Law.
Shares	Means the shares into which the Share Capital of the Company is divided.
Share Capital or Capital	Means the share capital for the time being raised or authorized to be raised, for the purpose of the Company
Special Resolution	Means a resolution referred to in Section 114 of the Act.
These Presents	Means the Memorandum of Association and the Articles of Association of the Company.
Tribunal	Means the National Company Law Tribunal constituted under section 408 of the Act
Voting Right	Means the right of a Member of a Company to vote in any meeting of the Company
Written” or “in writing	means and includes the word printed, lithographed, represented in or reproduced in any mode in a visible form
Year	Means the Financial Year of the Company

- 1.2 Public Limited Company : means as Company which – a. is not a private company  
b. has a minimum paid up share capital, as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles

1.3 Expressions not specifically defined in these Articles shall bear the same meaning as assigned to the them in the Act.

- 1.3 In the interpretation of these Articles,

- (a) any reference to the singular shall include the plural and vice-versa; and  
(b) any references to the masculine, the feminine and the neuter shall include each other.

- 1.4 The marginal notes hereto shall not affect the construction of these Articles.

## **SHARE CAPITAL, INCREASE AND REDUCTION OF CAPITAL**

### ***Amount of Capital***

2. The Authorized Share Capital of the Company shall be such as may be specified from time to time in Clause V of the Memorandum of Association, with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes as permissible in Applicable Law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by the Board and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions.

### ***Increase of Capital by the Company***

3. Subject to Applicable Law, the Board may, from time to time, increase the paid-up Share Capital by creation of new Shares. Such increase shall be of such aggregate amount and to be divided into such Shares of such respective amounts, as the resolution of the Board shall prescribe. Subject to the provisions of the Act, any Shares of the original or increased Share Capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the Board shall determine and in particular, such Shares may be issued with a preferential or qualified right to dividends, or otherwise, or with a right to participate in some profits or assets of the Company, or with such differential or qualified right of voting at General Meetings of the Company, as permitted in terms of Section 47 of the Act or other Applicable Law.

### ***New Capital part of the existing Capital***

4. Except in so far as otherwise provided in the conditions of issue of Shares, any Capital raised by the creation of new Shares shall be considered as part of the existing Capital and shall be subject to provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

### ***Issue of redeemable preference shares***

5. Subject to the provisions of Section 55 of the Act and these Articles, the Company shall have the power to issue redeemable preference Shares liable to be redeemed at the option of the Company and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.

***Provisions applicable to any other Securities***

6. The Board shall be entitled to issue, from time to time, subject to Applicable Law, any other Securities, including Securities convertible into Shares, exchangeable into Shares, or carrying a warrant, with or without any attached Securities, carrying such terms as to coupon, returns, repayment, servicing, as may be decided by the terms of such issue. Such Securities may be issued at premium or discount and redeemed at premium or discount, as may be determined by the terms of the issuance: Provided that the Company shall not issue any Shares or Securities convertible into Shares at a discount.

***Reduction of Capital***

7. The Company may, subject to the provisions of Section 66 of the Act or any other Applicable Law for the time being in force, by way of Special Resolution reduce its Share Capital, any capital redemption reserve account or share premium account in any manner for the time being authorized by law.

***Sub-division, consolidation and cancellation of Shares***

8. Subject to the provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution where by any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend or otherwise over or as compared with the others. Subject as aforesaid the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

***Variation of rights***

9. Whenever the Share Capital is divided into different types or classes of shares, all or any of the rights and privileges attached to each type or class may, subject to the provisions of Sections 48 of the Act, be varied with the consent in writing by holders of at least three-fourths of the issued Shares of the class or is confirmed by a Special Resolution passed at a separate Meeting of the holders of Shares of that class and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such class Meeting.

***Further issue of Capital***

10. Where at any time it is proposed to increase the subscribed Capital of the Company by allotment of further Shares, then:
  - 10.1. Such further Shares shall be offered to the persons who on the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the Capital paid-up on those shares at the date.
  - 10.2. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
  - 10.3. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person and the notice referred to in Article 10.2 hereof shall contain a statement of this right.
  - 10.4. After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the interest of the Company.
11. Notwithstanding anything contained in the Article 10, the further Shares aforesaid may be offered in any manner whatsoever, to:
  - 11.1. employees under a scheme of employees' stock option scheme;

- 11.2. to any persons on private placement or on preferential basis, whether or not those persons include the persons referred to Article 10, either for cash or for a consideration other than cash, if so decided by a Special Resolution, as per Applicable Law.;
12. Nothing contained in these Articles shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debenture issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company:

Provided that the terms of issue of such Debentures or the terms of such loans containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in general meeting.

#### ***Shares at the disposal of the Directors***

13. Subject to the Applicable Law, the Securities of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot Shares in the Capital of the Company or other Securities on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

#### ***Power to issue Shares outside India***

14. Pursuant to the provisions of Applicable Law and subject to such approvals, permissions and sanctions as may be necessary from the Government of India, Reserve Bank of India and/or any other authorities or institutions as may be relevant (hereinafter collectively referred to as “**Appropriate Authorities**”) and subject to such terms and conditions or such modifications thereto as may be prescribed by them in granting such approvals, permissions and sanctions, the Company will be entitled to issue and allot in the international capital markets, Equity Shares and/or any instruments or securities (including Global Depository Receipts) representing Equity Shares, any such instruments or securities being either with or without detachable Warrants attached thereto entitling the Warrant holder to Equity Shares/instruments or Securities (including Global Depository Receipts) representing Equity Shares, (hereinafter collectively referred to as “the Securities”) to be subscribed to in foreign currency / currencies by foreign investors (whether individuals and/or bodies corporate and/or institutions and whether shareholders of the Company or not) for an amount, inclusive of such premium as may be determined by the Board. Such issue and allotment to be made on such occasion or occasions, at such value or values, or at a premium and in such form and in manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with Lead Manager and/or Underwriters and/or Legal or other Advisors, or as may be prescribed by the Appropriate Authorities while granting their approvals, permissions and sanctions as aforesaid which the Board be and is hereby authorized to accept at its sole discretion. The provisions of this Article shall extend to allow the Board to issue such foreign Securities, in such manner as may be permitted by Applicable Law.

#### ***Acceptance of Shares***

15. Any application signed by or on behalf of an applicant, for Shares in the Company, followed by an allotment of any Share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts Shares and whose name is on the Register of Members shall for the purpose of these Articles, be a member.

#### ***Deposit and call to be a debt payable immediately***

16. The money (if any) which the Board shall, on the allotment of any Share being made by them require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

#### ***Liability of Members***

17. Every member, or his heirs, executors or administrators shall pay to the Company the portion of the Capital represented by his Share(s) which may, for the time being, remain unpaid thereon, in such amounts, at such time or

times and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

***Shares not to be held in trust***

18. Except as required by law, no person shall be recognized by the Company as holding any Share upon any trust and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

***The first named joint holder deemed to be sole holder***

19. If any Share stands in the names of two or more persons, the person first named in the register shall, as regards receipt of dividends or bonus or service of notice and all or any earlier matter connected with the Company, except voting at meetings, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such Shares for all incidents thereof according to the Company's regulations.

***Register of Members and index***

20. The Company shall maintain a Register of Members and index in accordance with Section 88 of the Act. The details of shares held in physical or dematerialized forms may be maintained in a media as may be permitted by law including in any form of electronic media.
21. A member, or other Security holder or Beneficial Owner may make inspection of Register of Members and annual return. Any person other than the Member or Debenture holder or Beneficial Owner of the Company shall be allowed to make inspection of the Register of Members and annual return on payment of Rs. 50 or such higher amount as permitted by Applicable Law as the Board may determine, for each inspection. Inspection may be made during business hours of the Company during such time, not being less than 2 hours on any day, as may be fixed by the Company Secretary from time to time.
22. Such person, as referred to in Article 21 above, may be allowed to make copies of the Register of Members or any other register maintained by the Company and annual return and require a copy of any specific extract therein, on payment of Rs. 10 for each page, or such higher amount as permitted under Applicable Law.

***Foreign Registers***

23. The Company may also keep a foreign register in accordance with Section 88 of the Act containing the names and particulars of the Members, Debenture holders, other Security holders or Beneficial Owners residing outside India; and the Board may (subject to the provisions of aforesaid Section) make and vary such regulations as it may think fit with respect to any such register.

**SHARES CERTIFICATES**

***Share certificate to be numbered progressively and no Share to be subdivided***

24. The shares certificates shall be numbered progressively according to their several denominations specify the shares to which it relates and bear the Seal, if any, of the Company and except in the manner hereinbefore mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share certificate shall continue to bear the number by which the same was originally distinguished.

Provided however that the provision relating to progressive or distinctive numbering of shares shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form.

***Limitation of time for issue of certificates***

25. Every Member, other than a Beneficial Owner, shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates each for one or more of such Shares and the Company shall complete and have ready for delivery of such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide or within one months of the



receipt of application of registration of transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of Shares shall be under the Seal, if any, of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a Share(s) held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

***Issue of new certificate in place of one defaced, lost or destroyed***

26. If any certificate be worn out, defaced, mutilated, old/ or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation then upon production and surrender such certificate to the Company, a new certificate may be issued in lieu thereof and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced as the Board deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued in case of splitting or consolidation of Share certificate(s) or in replacement of Share certificate(s) that are defaced, mutilated, torn or old, decrepit or worn out without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50 for each certificate) as the Directors shall prescribe.

Further, no duplicate certificate shall be issued in lieu of those that are lost or destroyed, without the prior consent of the Board and only on furnishing of such supporting evidence and/or indemnity as the Board may require and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced, without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50 for each certificate) as the Directors shall prescribe.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other Act, or rules applicable thereof in this behalf; Provided further that the Company shall comply with the provisions of Section 46 of the Act and other Applicable Law, in respect of issue of duplicate Share certificates.

27. The provision of this Article shall *mutatis mutandis* apply to issue of certificates of Debentures of the Company

**BUY BACK OF SECURITIES BY THE COMPANY**

28. Notwithstanding anything contained in these Articles but subject to the provisions of the Act and other Applicable Law as prescribed by Securities and Exchange Board of India (SEBI) or any other authority for the time being in force, the Company may purchase its own Shares or other specified Securities. The power conferred herein may be exercised by the Board, at any time and from time to time, where and to the extent permitted by Applicable Law and shall be subject to such rules, applicable consent or approval as required.

**UNDERWRITING AND BROKERAGE**

***Commission may be paid***

29. Subject to the provisions of the Act and other Applicable Law and subject to the applicable SEBI guidelines and subject to the terms of issue of the Shares or Debentures or any Securities, as defined in the Securities Contract (Regulations) Act, 1956, the Company may, at any time pay a commission out of proceeds of the issue or profit or both to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or Debentures of the Company, or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares, Debentures or of the Company but so that the commission shall not exceed in the case of shares, five per cent of the price at which the Shares are issued and in the case of Debentures, two and a half per cent of the price at which the Debentures are issued or at such rates as may be fixed by the Board within the overall limit prescribed under the Act or Securities and Exchange Board of India Act, 1992. Such commission may be satisfied by payment in cash or by allotment of fully or partly paid Shares, Securities or Debentures or partly in one way and partly in the other.

***Brokerage***

30. The Company may, subject to Applicable Law, pay a reasonable and lawful sum for brokerage to any person for subscribing or procuring subscription for any Securities, at such rate as approved by the Directors.

## CALL ON SHARES

### *Directors may make calls*

31. The Board of Directors may, from time to time and subject to the terms on which Shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, or otherwise as permitted by Applicable Law make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable in instalments.

### *Notice of calls*

32. Each Member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.
33. A call may be revoked or postponed at the discretion of the Board.

### *Calls to date from resolution*

34. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed as provided herein and may be required to be paid by instalments.

### *Directors may extend time*

35. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, but no member shall be entitled to such extension save as a member of grace and favor.

### *Calls to carry interest*

36. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such percentage as the Board of Directors may determine. Nothing in this Article shall render it obligatory for the Board of Directors to demand or recover any interest from any such member.
37. The Board shall be at liberty to waive payment of any such interest wholly or in part.

### *Sums deemed to be calls*

38. Any sum, which may by the terms of issue of a Share become payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

### *Proof on trial of suit for money due on Shares*

39. At the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member, in respect of whose Shares, the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the Shares in respect of such money is sought to be recovered, that the resolution making the call is duly recorded in the Minutes Book and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

### *Partial payment not to preclude forfeiture*

40. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted

by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

***Payment in anticipation of call may carry interest***

41. The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
42. The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debenture or other Securities of the Company.

**LIEN**

***Company to have lien on Shares***

43. The Company shall have a first and paramount lien upon all the Shares/ Debentures/Securities (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures/Securities and no equitable interest in any Shares shall be created except upon the footing and upon the condition that this Article will have full effect and any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares/Debentures/Securities:

Provided that, fully paid shares shall be free from all lien and that in case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

***As to enforcing lien by sale***

44. For the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as they shall think fit and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorize one of their number to execute a transfer thereof on behalf of and in the name of such member. The purchaser of such transferred Shares shall be registered as the holder of the Shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
45. No sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

***Application of proceeds of sale***

46. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the persons entitled to the Shares at the date of the sale.

**FORFEITURE OF SHARE**

***If call or installment not paid notice may be given***

47. If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or installment remains unpaid, serve notice on such Member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

***Form of notice***

48. The notice shall:
- 48.1. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - 48.2. shall detail the amount which is due and payable on the Shares and shall state that in the event of non-payment at or before the time appointed, the Shares will be liable to be forfeited.

***If notice not complied with, Shares may be forfeited***

49. If the requisitions of any such notice as aforesaid be not complied with, any Shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture.

***Notice of forfeiture to a Member***

50. When any Shares shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated, by any omission to give such notice or to make any such entry as aforesaid.

***Forfeited Share to become property of the Company***

51. Any Share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as think fit.

***Power to annul forfeiture***

52. The Board may, at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

***Liability on forfeiture***

53. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture of the payment, at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.

***Effect of forfeiture***

54. The forfeiture of a Share involves extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the Share and all other rights, incidental to the Share except only such of those rights as by these Articles are expressly saved.

***Evidence of forfeiture***

55. A duly verified declaration in writing that the declarant is a Director, the manager or the secretary of the Company and that certain Shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.

***Cancellation of Share certificate in respect of forfeited shares***

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said Shares to the person or persons, entitled thereto as per the provisions herein.

56.1. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favor of the person to whom the Share is sold or disposed of.

56.2. The transferee shall thereupon be registered as the holder of the Share; and

- 56.3. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

***These Articles to apply in case of any non-payment***

57. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

**EMPLOYEES STOCK OPTIONS**

58. Subject to the provisions of Section 62 of the Act and the Applicable Law, the Company may issue options to the any Directors, not being Independent Directors, officers, or employees of the Company, its subsidiaries or its parent, which would give such Directors, officers or employees, the benefit or right to purchase or subscribe at a future date, the Securities offered by the Company at a predetermined price, in terms of schemes of employee stock options or employees share purchase or both: Provided that it will be lawful for such scheme to require an employee, officer, or Director, upon leaving the Company, to transfer Securities acquired in pursuance of such an option/scheme, to a trust or other body established for the benefit of employees of the Company.

**POWER TO ISSUE SWEAT EQUITY SHARES**

59. Subject to and in compliance with Section 54 and other Applicable Law, the Company may issue equity Shares to its employees or Director(s) at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.

**PREFERENTIAL ALLOTMENT**

60. Subject to the provisions of Section 62 the Act, read with the conditions as laid down in the Applicable Law and if authorized by a Special Resolution passed in a General Meeting, the Company may issue Shares, in any manner whatsoever, by way of a preferential offer or private placement. Such issue on preferential basis or private placement should also comply with the conditions as laid down in Section 42 of the Act and/or Applicable law.

**CAPITALIZATION OF PROFITS**

61. The Company in General Meeting may, upon the recommendation of the Board, resolve:
- 61.1. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including capital redemption reserve account), or to the credit of the profit and loss account, otherwise available for distribution or securities premium account; and
- 61.2. that such sum be accordingly set free for distribution in the manner specified in 61.1 amongst the members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.
62. The sum aforesaid shall not be paid in cash but shall be applied, subject to applicable provisions contained herein, either in or towards:
- 62.1. paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
- 62.2. paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportions aforesaid;
- 62.3. partly in the way specified in Article 62.1 and partly in that specified in Article 62.1;
- 62.4. The Board shall give effect to the resolution passed by the members of the Company in pursuance of this Article.
- 62.5. Whenever such a resolution as aforesaid shall have been passed, the Board shall—

62.5.1. make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares if any; and

62.5.2. generally, do all such acts and things required to give effect thereto.

63. For the purpose of giving effect to any resolution under Articles 61 and 62, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient.

## **TRANSFER AND TRANSMISSION OF SHARES**

### ***Register of transfers***

64. The Company shall keep a register to be called the 'Register of Transfers' and therein shall be fairly and directly entered particulars of every transfer or transmission of any Share. Entries in the register should be authenticated by the secretary of the Company or by any other person authorized by the Board for the purpose, by appending his signature to each entry.

### ***Instruments of transfer***

65. The instrument of transfer shall be in writing and duly stamped and in such form as may be prescribed under the Act from time to time and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof.

### ***To be executed by transferor and transferee***

66. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such Shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any Share in favor of a minor (except in cases when they are fully paid up).

67. Application for the registration of the transfer of a Share may be made either by the transferee or the transferor. Where an application is made by the transferor and relates to partly paid up shares, no registration shall be effected unless the Company gives notice of the application to the transferee subject to the provisions of these Articles, Section 56 of the Act and other Applicable Law and the transferee gives no objection to the transfer within two weeks from the receipt of the notice. In the event of non-receipt of any objection from the transferee within the period of two weeks as aforesaid, the Company shall enter in the Register the name of transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

The Board may, subject to the right of appeal conferred by section 58 decline to register --

- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the company has a lien.

On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

### ***Transfer books when closed***

68. Subject to the applicable provisions of the Act, SEBI Regulations and these Articles, the Board shall have to close the transfer books, the Register of Members, Register of Debenture holders or the Register of other Security holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient.

### ***Directors may refuse to register transfer***

69. Subject to the provisions of the Act and other Applicable Law, the Board may at its own, discretion, decline to register or acknowledge any transfer of Securities, whether fully paid or not (notwithstanding that the proposed transferee be already a Member), provided in such cases it shall, within one month from the date on which the

instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer: Provided that registration of transfer shall not be refused on the ground of the transferor being, either alone or jointly with any person or persons, indebted to the Company on any account whatsoever except where the Company has lien on the Securities.

***Directors to recognize Beneficial Owners of securities***

70. Notwithstanding anything contained in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf of a Beneficial Owner.
71. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its Securities held by a Depository.
72. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognize any benami, trust or equitable, contingent, future or partial interest in any Security or (except otherwise expressly provided by the Articles) any right in respect of a Security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.

***Nomination***

73. Every holder of Shares in, or Debentures of the Company may, at any time, nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder.
74. Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or Debentures of the Company, as the case may be, held by them shall vest in the event of death of all joint holders.
75. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or Debentures of the Company, the nominee shall, on the death of the shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.
76. Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the shares in or Debentures of the Company, in the event of his death, during the minority.

***Transmission in the name of nominee***

77. Any person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any Security holder, or by any lawful means other than by a transfer in accordance with these Presents, may with the consent of the Board of Directors and subject as hereinafter provided, elect, either:
  - 77.1. to be registered himself as holder of the Securities; or
  - 77.2. to make such transfer of the Securities as the deceased Security holder could have made.

Provided nevertheless that it shall be lawful for the Directors in their absolute discretion to dispense with the production of any evidence including any legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit.

78. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the Share before his death or insolvency.
79. If the nominee, so becoming entitled, elects himself to be registered as holder of the Securities, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied

with death certificate of the deceased Security holder or proof of lunacy, bankruptcy or insolvency of the Security holder, as the case may be and the certificate(s) of Securities held by such Security holder in the Company.

80. If the person aforesaid shall elect to transfer the Securities, he shall testify his election by executing a transfer of the Securities.
81. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of Securities shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Security holder had not occurred and the notice or transfer were a transfer signed by that Member.
82. A nominee on becoming entitled to Securities by reason of the death of the holder or joint holders shall be entitled to the same Dividend or interest and other advantages to which he would be entitled if he were the registered holder such Securities, except that he shall not before being registered as holder of such Securities, be entitled in respect of them to exercise any right conferred on a Security holder in relation to meetings of the Company.

***No transfer to minor, insolvent etc.***

83. No transfer shall be made to a minor or person of unsound mind. However, in respect of fully paid up shares, Securities may be transferred in favor of a minor acting through legal guardian, in accordance with the provisions of Applicable Law.

***Transfer to be presented with evidence of title***

84. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

***Company not liable for disregard of a notice in prohibiting registration of transfer***

85. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effort to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or deferred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

## **DEMATERIALIZATION OF SECURITIES**

***Dematerialization of Securities***

86. The Board shall be entitled to dematerialize its existing Securities or to offer securities in a dematerialized form pursuant to the Depositories Act, 1996, as amended and the rules framed thereunder, if any.

***Options for investors***

87. Subject to the Applicable Law, every holder of or subscriber to Securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is a Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities held by him in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed by law, issue and deliver to the Beneficial Owner, the required certificates for the Securities.

***Securities in depositories to be in fungible form***

88. All securities held by a Depository shall be dematerialized and be in fungible form.

***Service of Documents***



89. Notwithstanding anything contained in these Articles to the contrary, where Securities of the Company are held in a Depository, the records of the beneficiary ownership may be served by such Depository on the Company by means of electronic mode

***Transfer of securities***

90. Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

***Allotment of securities dealt with in a Depository***

91. Notwithstanding anything contained in these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such Securities.

***Register and index of Beneficial Owners***

92. The Register and Index of Beneficial Owners maintained by Depository under the Depositories Act, 1996, as amended shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

**COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

93. Copies of Memorandum and Articles of Association of the Company shall be furnished to every Member within seven days of his request on payment of an amount as may be fixed by the Board to recover reasonable cost and expenses, not exceeding such amount as fixed under Applicable Law.

**BORROWING POWERS**

***Power to borrow***

94. Subject to the provisions of these Articles, the Act and other Applicable Law, the Board may, from time to time, at its discretion, by way of a resolution passed at the meeting of Board, accept deposits from its members or otherwise, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money to be borrowed together with the moneys already borrowed; or where a power to delegate the same is available, by a decision/resolution of such delegate, provided that the Board shall not without the requisite sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up Capital of the Company and its free reserves.

***Conditions on which money may be borrowed***

95. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, or other Securities, or any mortgage, or other Security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being).

***Terms of issue of Debentures***

96. Any Debentures, Debenture stock, bonds or other Securities may be issued on such terms and conditions as the Board may think fit: Provided that Debenture with a right to allotment or conversion into shares shall be issued in conformity with the provisions of Section 62 of the Act. Debentures, Debenture stock, bonds and other Securities may be made assignable free from any equities from the Company and the person to whom it may be issued. Debentures, Debenture- stock, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with such sanctions as may be applicable.

***Instrument of transfer***

97. Save as provided in Section 56 of the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the Debentures: Provided that the Company may issue non-transferable Debentures and accept an assignment of such instruments.

***Register of charges, etc.***

98. The Board shall cause a proper Register to be kept in accordance with the provisions of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company and shall cause the requirements of Sections 77 to 87 of the Act, both inclusive of the Act in that behalf to be duly complied with, so far as they are ought to be complied with by the Board.

***Register and index of Debenture holders***

99. The Company shall, if at any time it issues Debentures, keep register and index of Debenture holders in accordance with Section 88 of the Act. Subject to the Applicable Law, the Company shall have the power to keep in any State or Country outside India, a register of Debenture-stock holders, resident in that State or Country.

**GENERAL MEETINGS**

100. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year.
101. Every Annual General Meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a national holiday and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate
102. All General Meetings other than annual general meeting shall be called extraordinary general meeting.
103. In the case of an Annual General Meeting, all businesses to be transacted at the meeting shall be deemed special, with the exception of business relating to:
- 103.1. the consideration of financial statements and the reports of the Board of Directors and Auditors;
  - 103.2. the declaration of any Dividend;
  - 103.3. the appointment of Directors in place of those retiring;
  - 103.4. the appointment of and the fixing of the remuneration of, the Auditors
104. In case of any other meeting, all business shall be deemed special.
105. The Board may, whenever it thinks fit, call an Extraordinary General Meeting.
106. Where permitted or required by Applicable Law, Board may, instead of calling a meeting of any Members/ class of Members/ Debenture holders, seek their assent by Postal ballot, including e-voting. Such Postal ballot will comply with the provisions of Applicable Law in this behalf.
107. The intent of these Articles is that in respect of seeking the sense of the Members or Members of a class or any Security holders, the Company shall, subject to Applicable Law, be entitled to seek assent of Members, members of a class of Members or any holders of Securities using such use of contemporaneous methods of communication as is permitted by Applicable Law. A written resolution including consent obtained through electronic mode shall be deemed to be sanction provided by the Member, Member of a class or other Security holder by way of personal presence in a meeting.
108. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up Capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.
109. Any meeting called as above by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

***E-voting in case of General Meetings***

110. Where the Company conducts General Meetings by way of e-voting, the Company shall follow the procedure laid down under the Act and Applicable Law.
111. Where Member has been allowed the option of voting through electronic mode as per Applicable Law, such Member, or Members, who have voted using the electronic facility, generally, shall be allowed to speak at a General Meeting, but shall not be allowed to vote again at the meeting.

Provided that voting may also be allowed to be case by way of post or any other mode which any Applicable Law may allow.

#### ***Notice of General Meetings***

112. Subject to the Applicable Law, at least 21 clear days' notice of every General Meeting, specifying the day, date, place and hour of meeting, containing a statement of the business to be transacted thereat, shall be given, either in writing or through electronic mode, to every Member or legal representative of any deceased Member or the assignee of an insolvent Member, every Auditor(s) and Director of the Company.
113. A General Meeting may be called at a shorter notice if consented to by either by way of writing or any electronic mode by not less than 95% of the Members entitled to vote at such meeting.

#### ***Quorum at General Meeting***

114. No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business.
115. Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.
116. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or to such other day and at such other time and place as the Board may determine subject to Applicable Law and if at such adjourned meeting, a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

#### ***Chairperson at General Meetings***

117. The Chairperson, if any, of the Board shall preside as Chairperson at every General Meeting of the Company.
118. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairperson of the meeting, the Directors present shall elect one among themselves to be Chairperson of the General Meeting.
119. If at any meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of themselves to be Chairperson of the General Meeting.
120. No business shall be discussed at any General Meeting except the election of a Chairperson, while the chair is vacant.

#### ***Adjournment of Meeting***

121. The Chairperson may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
122. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
123. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

#### ***Voting rights***

124. No member shall be entitled to vote either personally or by proxy, at any General Meeting or Meeting of a class of shareholders in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the Company has and has exercised any right of lien.
125. Subject to any rights or restrictions for the time being attached to any class or classes of Shares:
  - 125.1. on a show of hands, every member present in person shall have one vote; and

- 125.2. on a poll, the voting rights of Members shall be in proportion to his share in the paid-up equity Share Capital of the Company.
- 125.3. A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.
126. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
127. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
128. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.
129. No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such General Meeting shall be valid for all purposes.
130. Any such objection made in due time shall be referred to the Chairperson of the General Meeting, whose decision shall be final and conclusive.

***Proxy***

131. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote by a representative duly authorized in accordance with Section 113 of the Act and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.
132. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; and in default the instrument of proxy shall not be treated as valid.
133. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate, under the common seal of such corporate, if any, or be signed by an officer or any attorney duly authorized by it and any committee or guardian may appoint such proxy. An instrument appointing a proxy shall be in the form as prescribed in terms of Section 105 of the Act.
134. A Member present by proxy shall be entitled to vote only on a poll, except where Applicable Law provides otherwise.
135. The proxy so appointed shall not have any right to speak at the General Meeting.
136. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

***Maintenance of records and Inspection of minutes of General Meeting by Members***

137. Where permitted/required by Applicable Law, all records to be maintained by the Company may be kept in electronic form subject to the provisions of the Act and the conditions as laid down in the Applicable Law. Such records shall be kept open to inspection in the manner as permitted by the Act and Applicable Law. The term

'records' would mean any register, index, agreement, memorandum, minutes or any other document required by the Act and Applicable Law made there under to be kept by the Company.

138. The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
139. Any such minutes shall be evidence of the proceedings recorded therein.
140. The book containing the minutes of proceedings of General Meetings shall be kept at the registered office of the Company and shall be open during business hours, for such periods not being less than 2 hours on any day, as may be fixed by the Company Secretary from time to time, to the inspection of any Member without charge.
141. Any Member of the Company shall be entitled to a copy of minutes of the General Meeting on receipt of a specific request and at a fee of Rs. 10/- (Rupees Ten only) for each page, or such higher amount as the Board may determine, as permissible by Applicable Law.

### **BOARD OF DIRECTORS**

142. Until otherwise determined by a General Meeting and subject to provisions of the Act, the number of directors shall not be less than three or more than fifteen.

Following are the First Directors of the Company:

1. Mr Dr. Kaviraj Singh
2. Mr Abhishek Mahawar

143. The Directors are not required to hold any qualification shares.
144. Composition of the Board shall be in accordance with the provisions of Section 149 of the Act and other Applicable Laws. Provided that where there are temporary gaps in meeting the requirements of Applicable Law pertaining to composition of Board of Directors, the remaining Directors shall (a) be entitled to transaction business for the purpose of attaining the required composition of the Board; and (b) be entitled to carry out such business as may be required in the best interest of the Company in the meantime.

#### ***Board's power to appoint Additional Directors***

145. Subject to the provisions of Sections 149, 152 and 161 of the Act and Applicable Laws, the Board shall have power at any time and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles.
146. Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.

#### ***Nominee Directors***

147. The Company shall, subject to the provisions of the Act and these Articles, be entitled to agree with any Person that he or it shall have the right to appoint his or its nominee on the Board, not being an Independent Director, upon such terms and conditions as the Company may deem fit.
148. Whenever the Company enters into the contract with any government, central, state or local, any bank or financial institution or any person or persons (hereinafter referred to as "**the appointer**") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Board shall have, subject to the provisions of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such director or directors shall not be liable to retire by rotation nor be required to hold any qualification shares. The directors may also agree that any such director or directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also

fill in any vacancy, which may occur as a result of any such director or directors ceasing to hold that office for any reason whatsoever. The directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any privileges and rights exercised and enjoyed by the directors of the Company including payment of remuneration and travelling expenses to such director or directors as may be agreed by the Company with the appointer.

#### ***Appointment of Alternate Directors***

149. Subject to the provisions of Section 161 of the Act, the Board may appoint an Alternate Director to act for a Director (hereinafter called “**the Original Director**”) during his absence for a period of not less than three months from India. No person shall be appointed as an Alternate Director in place of an Independent Director unless he is qualified to be appointed as an Independent Director under the Act and Applicable Law. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the office of the Original Director is determined before he so returns to India, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

For the purpose of absence in the Board meetings in terms of Section 167 (1) (b) of the Act, the period during which an Original Director has an Alternate Director appointed in his place, shall not be considered.

#### ***Board's power to fill casual vacancies***

150. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

#### ***Independent Directors***

151. Subject to the provisions of the Act and other Applicable Law, the Board or any other Committee as per the Act shall identify potential individuals for the purpose of appointment as Independent Director either from the date bank established under Section 150 of Act or otherwise.
152. The Board on receiving such recommendation shall consider the same and propose his appointment for approval at a General Meeting. The explanatory statement to the notice for such General Meeting shall provide all requisite details as required under the Act.
153. Any casual vacancy in the post of an Independent Director caused by way of removal, resignation, death, vacation of office under Section 167 of the Act and Applicable Law or these Articles, removal from Directorship pursuant to any court order or due to disqualification under Section 164 of Act shall be filled by following the process laid down herein below and in accordance with the Applicable Law. No such casual vacancy shall prejudice the functioning of the Board during the intervening period.
154. Every Independent Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director, give a declaration that he meets the criteria of independence.
155. The Company and Independent Directors are required to abide by the provisions specified in Schedule IV of the Act.
156. An Independent Director shall not be entitled to any stock option and may receive remuneration by way of sitting fee, reimbursement of expenses for participation in the Board and other meetings and also to such commission based on profits, as may, subject to provisions of Applicable Law, be approved by the Members.
157. An Independent Director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes and with his consent or connivance or where he had not acted diligently.

158. The provisions relating to retirement of Directors by rotation shall not be applicable to appointment of Independent Directors.

***Term of Office of Independent Director***

159. Subject to Applicable Law, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a Company, but shall be eligible for reappointment for one more term on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's report.
160. No Independent Director shall hold office for more than 2 (two) consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of 3(three) years of ceasing to become an Independent Director provided that he shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

***Retirement and rotation of Directors***

161. At least two-thirds of the total number of Directors, excluding Independent Directors, will be the Directors who are liable to retire by rotation (hereinafter called "**the Rotational Directors**").
162. Subject to the provisions of the Act and these Articles, the managing Director and/or the whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation.
163. At every Annual General Meeting of the Company, one-third of the Rotational Directors, or if their number is not three or a multiple of three, then, the number nearest to one-third, shall retire from office.
164. A retiring Director shall be eligible for re-election.

***Resignation of Directors***

165. Subject to the provisions of Applicable Law, a Director may resign from his office by giving a notice in writing to the Company and Board shall take note of the same. The fact of such resignation shall be mentioned in the report of Directors laid in the immediately following Annual General Meeting by the Company.
166. A Managing Director or a Whole-time Director or any Executive Director who has any terms of employment with the Company shall not give any notice of resignation in breach of the conditions of employment as may be applicable, either to a Director specifically, or to employees of the Company generally. A nominee Director shall not give any notice of resignation except through the nominating person.
167. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later:  
Provided that the Director who has resigned shall be liable even after his resignation for the offences which occurred during his tenure.

***Removal of Directors***

168. Any Director of the Company, except the one appointed by the National Company Law Tribunal, may be removed by way of Ordinary Resolution before the expiry of his term of office, subject to the provisions of Section 169 of Act.

***Remuneration of Directors***

169. Subject to the provisions of Section 197 of the Act, a Director may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- Provided that where the Company takes a Directors' and Officers' Liability Insurance, specifically pertaining to a particular Director and/or officer, then the premium paid in respect of such insurance, for the period during which a Director and/or officer has been proved guilty, will be treated as part of remuneration paid to such Director and/or officer.
170. The Board or a relevant Committee constituted for this purpose shall seek to ensure that the remuneration paid to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

171. The fees payable to a Director for attending the meetings of the Board or Committee thereof shall be such sum as may be decided by the Board of Directors from time to time within the maximum limit as prescribed under the Act and Applicable Law. Fee shall also be paid for attending any separate meeting of the Independent Directors of the Company in pursuance of any provision of the Act. Fee shall also be payable for participating in meetings through permissible electronic mode.
172. In addition to the remuneration payable pursuant to Section 197 of the Act, the Directors may be paid all conveyance, hotel and other expenses properly incurred by them:
- 172.1. in attending and returning from meetings of the Board of Directors or any Committee thereof or general meetings of the Company; or
- 172.2. in connection with the business of the Company.

***Directors may act notwithstanding any vacancies on Board***

173. The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the minimum number fixed by these Articles, the continuing Directors may act for the purpose of increasing the number of Directors to the minimum number fixed by these Articles or for summoning a General Meeting for the purpose increasing the number of Directors to such minimum number, but for no other purpose.

***Vacation of office of Director***

174. The office of a Director shall ipso facto be vacated:
- 174.1. on the happening of any of the events as specified in Section 167 of the Act.
- 174.2. if a person is a Director of more than the number of Companies as specified in the Act at a time;
- 174.3. in the case of alternate Director, on return of the original Director in terms of Section 161 of the Act;
- 174.4. having been appointed as a Director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, he ceases to hold such office or other employment in that company;
- 174.5. if he is removed in pursuance of Section 169 of the Act;
- 174.6. any other disqualification that the Act for the time being in force may prescribe.

***Notice of candidature for office of Directors except in certain cases***

175. No person, not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some Member intending to propose him as a Director, has, not less than fourteen days before the General Meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office along with the requisite deposit of Rs. 1,00,000/- (Rupees One Lakh only) or such higher amount as the Board may determine, as permissible by Applicable Law.
176. Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 160 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director, shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

***Director may contract with the Company***

177. Subject to such sanctions as required by Applicable Law, a Director or any related party as defined in Section 2 (76) of the Act or other Applicable Law may enter into any contract or any arrangement with the Company.
178. Unless so required by Applicable Law, no sanction shall, however, be necessary for any contracts with a related party on entered into on arm's length basis. Where a contract complies with such conditions or indicia of arms' length contracts as laid down in a policy on related party transactions framed by the Board in accordance with the Applicable Law, the contract shall be deemed to be a contract entered into on arm's length basis.

***Disclosure of interest***

179. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184(2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement



entered into or to be entered into with any other body corporate where the Director of the Company either himself or in association with any other Director hold or holds less than two per cent of the shareholding in such other body corporate.

***Interested Director not to participate or vote in Board's proceeding***

180. Subject to the provisions of Section 184 of the Act, no Director shall as Director take any part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.

***Register of contracts in which Directors are interested***

181. The Company shall keep a register of contracts or arrangements in which directors are interested in accordance with the provisions of Act. Such register shall be kept at the registered office of the Company and shall be preserved permanently be kept in the custody of the Company Secretary of the Company or any other person authorized by the Board for the purpose.
182. Such a Register shall be open to inspection at such office and extracts maybe taken therefrom and copies thereof may be provided to a Member of the Company on his request, within seven days from the date on which such request is made and upon the payment of Rs. 10 (Rupees Ten only) per page, as such higher amount as may be laid by the Board, as permitted by Applicable Law.

***Register of Directors and Key Managerial Personnel and their shareholding***

183. The Company shall keep at its registered office a register containing the particulars of its Directors and Key Managerial Personnel, which shall include the details of Securities held by each of them in the Company or its holding, subsidiary, subsidiary of Company's holding Company or associate companies in accordance to Section 170 of the Act and Applicable Law.

***Miscellaneous***

184. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

**PROCEEDINGS OF THE BOARD**

***Meetings of Board***

185. The Directors may meet together as a Board from time to time for the conduct of the business of the Company, adjourn or otherwise regulate its meetings, as it thinks fit.
186. A meeting of the Board shall be called by giving not less than seven days' notice in writing to every Director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic mode.
187. The notice of the meeting shall inform the Directors regarding the option available to them to participate through electronic mode and shall provide all the necessary information to enable the Directors to participate through such electronic mode.
188. Certain matters, as may be specified under the Applicable Law from time to time, shall not be dealt with in a meeting of the Board through video conferencing or other audio visual means.
189. A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one Independent Director, if any, shall be present at the meeting, or in case of absence of Independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director.
190. The Board shall so meet at least once in every four months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

191. Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book to be kept for that purpose. The names of Directors who have participated in Board meetings through electronic mode shall be entered and initialled by the Company Secretary, stating the manner in which the Director so participated

***Meetings of Board by Video/audio-visual conferencing***

192. Subject to the provisions of the Act and Applicable Law, the Directors may participate in meetings of the Board otherwise through physical presence, electronic mode as the Board may from time to time decide and Directors shall be allowed to participate from multiple locations through modern communication equipment for ascertaining the views of such Directors who have indicated their willingness to participate by such electronic mode, as the case may be.

***Regulation for meeting through electronic mode***

193. The Board may, by way of a resolution passed at a meeting, decide the venues where arrangements may be made by the Company, at the Company's cost, for participation in Board meetings through electronic mode, as the case may be, in accordance to the provisions of the Act and Applicable Law. In case of a place other than such places where Company makes arrangements as above, the Chairperson may decline the right of a Director to participate through electronic mode in view of concerns of security, sensitivity and confidentiality of Board proceedings. Where the Chairperson so permits a Director to participate from a place other than the designated places where the Company has made the arrangements, the security and confidentiality of the Board proceedings shall be the responsibility of the Director so participating and the cost and expense in such participation, where agreed to by the Chairperson, may be reimbursed by the Company.
194. Subject as aforesaid, the conduct of the Board meeting where a Director participates through electronic mode shall be in the manner as laid down in Applicable Law.
195. The rules and regulations for the conduct of the meetings of the Board, including for matters such as quorum, notices for meeting and agenda, as contained in these Articles, in the Act and/or Applicable Law, shall apply to meetings conducted through electronic mode, as the case may be.
196. Upon the discussions being held by electronic mode, as the case may be, the Chairperson or the Company Secretary shall record the deliberations and get confirmed the views expressed, pursuant to circulation of the draft minutes of the meeting to all Directors to reflect the decision of all the Directors participating in such discussions.
197. Subject to provisions of Section 173 of the Act and the Applicable Laws, a Director may participate in and vote at a meeting of the Board by means of electronic mode which allows all persons participating in the meeting to hear and see each other and record the deliberations. Where any Director participates in a meeting of the Board by any of the means above, the Company shall ensure that such Director is provided with a copy of all documents referred to during such Board meeting prior to the commencement of this Board Meeting.

***When can a meeting be convened***

198. The Managing Director or a Director may and the Manager or Company Secretary upon the requisition of Director(s) shall, at any time, summon a meeting of the Board.

***Chairperson for Board Meetings***

199. The Board may elect a Chairperson and determine the period for which he is to hold office. The Managing Director may also be appointed by the Board as the Chairperson.
200. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their numbers to be Chairperson of the meeting.

***Quorum***

201. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 174 of the Act. If a quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairperson of the Board shall decide.

***Exercise of powers to be valid in meetings where quorum is present***

202. A meeting of the Board of which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board, or in accordance with Section 179 of the Act, the powers of the Company.

***Matter to be decided on majority of votes***

203. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. In case of an equality of votes, the Chairperson of the Board shall have a second or casting vote.

***Power to appoint Committee and to delegate powers***

204. The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to committees consisting of such Director or Directors as it thinks fit and may from time to time revoke such delegation. Unless a power of the Board is not capable of being delegated, such power may be delegated by the Board to any officer or committee of officers as the Board may determine.
205. Any committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board.
206. The meetings and the proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board.

***Resolution without Board Meeting/ Resolution by Circulation***

207. Save as otherwise expressly provided in the Act to be passed at a meeting of the Board and subject to Section 175 of the Act or Applicable Laws, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, at their addresses registered with the Company in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and has been approved by a majority of the Directors or members as are entitled to vote on the resolution.

Provided that, where not less than one-third of the total number of Directors of the Company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a Board Meeting.

Provided further that where the resolution has been put to vote at a Board Meeting, the consent or dissent of the Directors obtained by way of resolution by circulation shall be rendered void and given effect to.

***Acts of Board / Committee valid notwithstanding formal appointment***

208. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained or in these Articles, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

***Minutes of proceedings of meeting of Board***

209. The Company shall cause minutes of proceedings of every meeting of the Board and Committee thereof to be kept in such form by making within thirty days of the conclusion of every such meeting, entries thereof in the books kept for that purpose with their pages consecutively numbered in accordance to Section 118 of the Act or Applicable Laws.
210. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting.

211. In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by a pasting or otherwise, if the minutes are kept in physical form.
212. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
213. Where the meeting of the Board takes place through electronic mode, the minutes shall disclose the particulars of the Directors who attended the meeting through such means. The draft minutes of the meeting shall be circulated among all the Directors within fifteen days of the meeting either in writing or in electronic mode as may be decided by the Board and/or in accordance with Applicable Laws.
214. Every Director who attended the meeting, whether personally or through electronic mode, shall confirm or give his comments in writing, if any, about the accuracy of recording of the proceedings of that particular meeting in the draft minutes, within seven days or some reasonable time as decided by the Board, after receipt of the draft minutes failing which his approval shall be presumed.
215. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
216. The minutes shall also contain:
  - 216.1. The names of the Directors present at the meeting; and
  - 216.2. In the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
217. Nothing contained in these Articles shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairperson of the meeting:
  - 217.1. is, or could reasonably be regarded as defamatory of any person.
  - 217.2. is irrelevant or immaterial to the proceedings; or
  - 217.3. is detrimental to the interest of the Company.
218. The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article.
219. Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.
220. Any Director of the Company may requisition for physical inspection of the Board Meeting minutes in accordance with the Applicable Law.

#### ***Powers of Board***

221. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act and Applicable Law made thereunder, or any other Act, or by the Memorandum, or by these Articles of the Company, required to be exercised by the Company in General Meeting subject nevertheless to these Articles, to the provisions of the Act and the Applicable Law made thereunder, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting; but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
222. The Board may subject to Section 186 of the Act and provisions of Applicable Law made thereunder shall by means of unanimous resolution passed at meeting of Board from time to time, invest, provide loans or guarantee or security on behalf of the Company to any person or entity.

#### ***Restriction on powers of Board***

223. The Board of Directors shall exercise the following powers subject to the approval of Company by a Special Resolution:

- 223.1. to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings;
- 223.2. to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
- 223.3. to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up Share Capital and free-reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business;
- 223.4. to remit, or give time for the repayment of, any debt due from a Director.

***Contribution to charitable and other funds***

- 224. The Board of Directors of a Company may contribute to bona fide charitable and other funds. A prior permission of the Company in general meeting by way of ordinary resolution shall be required for if the aggregate of such contributions in a financial year exceeds 5 % (five percent) of its average net profits for the three immediately preceding financial years

***Absolute powers of Board in certain cases***

- 225. Without prejudice to the general powers conferred by Section 179(3) of the Act or Applicable Laws and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in these Articles or the Applicable Law, it is hereby declared that the Directors shall have the following powers; that is to say, power:
  - 225.1. To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
  - 225.2. To pay any interest lawfully payable under the provisions of Section 40 of the Act.
  - 225.3. To act jointly and severally in all on any of the powers conferred on them.
  - 225.4. To appoint and nominate any Person(s) to act as proxy for purpose of attending and/or voting on behalf of the Company at a meeting of any Company or association.
  - 225.5. To comply with the provisions of Applicable Law which in their opinion shall, in the interest of the Company be necessary or expedient to comply with.
  - 225.6. To make, vary and repeal bye-laws for regulation of business of the Company and duties of officers and servants.
  - 225.7. Subject to Sections 179 and 188 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
  - 225.8. Subject to the provisions of the Act and Applicable Laws, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in Shares, bonds, Debentures, mortgages, or other securities of the Company and such Shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon all or any part of the property of the Company and its uncalled Capital or not so charged;
  - 225.9. To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled Capital for the Company being or in such manner as they may think fit;
  - 225.10. To accept from any member, as far as may be permissible by law, a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed;

- 225.11. To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of Debenture or Debenture stock, perpetual or otherwise charged upon all or any of the Company's property (both present and future).
- 225.12. To open and deal with current account, overdraft accounts with any bank/banks for carrying on any business of the Company.
- 225.13. To appoint any Person (whether incorporated or not) to accept and hold in trust for the Company and property belonging to the Company, in which it is interested, or for any other purposes; and execute such deeds and do all such things as may be required in relation to any trust and to provide for the remuneration of such trustee or trustees;
- 225.14. To institute, conduct, defend, compound, refer to arbitration or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company.
- 225.15. To refer any claims or demands or differences by or against the Company or to enter into any contract or agreement for reference to arbitration and observe, enforce, perform, compound or challenge such awards and to take proceedings for redressal of the same.;
- 225.16. To act as trustees in composition of the Company's debtors and/or act on behalf of the Company in all matters relating to bankrupts and insolvents;
- 225.17. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- 225.18. Subject to the provisions of Sections 179 and 186 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they think fit and from time to time to vary the size of such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name;
- 225.19. To execute in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present or future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- 225.20. To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- 225.21. Subject to provisions of Applicable Law, to give a Director or any officer or any other person whether employed or not by the Company, share or shares in the profits of the Company, commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;
- 225.22. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions; funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit;
- 225.23. To subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

- 225.24. Before recommending any Dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures or Debenture stock, or for special dividends or for equalized dividends or for repairing, improving, extending and maintaining any of the property of the Company or for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than Shares of the Company) as they may think fit and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the reserve into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or Debenture stock and without being bound to keep the same, separate from the other assets, and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- 225.25. Subject to the provisions of the Act to appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisor, clerks, agents and servants of permanent, temporary or special services as they may for time to time think fit and to determine their powers and duties and fix their salaries or emoluments or remuneration and to require security in such instances and to such amount as they may think fit also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India, or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- 225.26. To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with;
- 225.27. Subject to applicable provisions of the Act and Applicable Law, to appoint purchasing and selling agents for purchase and sale of Company's requirement and products respectively.
- 225.28. From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to the members of such local boards and to fix their remuneration.
- 225.29. Subject to Section 179 & 180 of the Act from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow or moneys and to authorize the Members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation.
- 225.30. At any time and from time to time by power of attorney under the Seal, if any, of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these Presents and excluding the powers to make calls and excluding also, except in their limits authorized by the Board, the power to make loans and borrow money') and for' such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favor of the members or any of the Members of any Local Board, established as aforesaid or in favor of any Company, or the Shareholders, Directors, nominees or managers of any Company or firm or otherwise in favor of any fluctuating body of persons whether nominated directly by the Board and any such power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys

as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

- 225.31. Subject to Sections 184 and 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such contracts, agreements and to execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
- 225.32. Subject to the provisions of the Act, the Board may pay such remuneration to Chairperson / Vice Chairperson of the Board upon such conditions as they may think fit.
- 225.33. To take insurance of any or all properties of the Company and any or all the employees and their dependants against any or all risks.
- 225.34. To take insurance on behalf of its managing Director, whole-time Director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary or any officer or employee of the Company for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

### **MANAGING DIRECTOR**

#### ***Board may appoint Managing Director(s)***

226. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its member or members as Managing Director(s) of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provisions of these Articles the Board may by resolution vest in such Managing Director(s) such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine.
227. Subject to the Article above, the powers conferred on the Managing Director shall be exercised for such objects and purpose and upon such terms and conditions and with such restrictions as the Board may think fit and it may confer such powers either collateral with or to the exclusion of and in substitution of all or any of the powers of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. The Managing Director shall not exercise any powers under Section 179 of Act except such powers which can be delegated under the Act and specifically delegated by a resolution of the Board.

#### ***Restriction on Management***

228. The Board of Directors may, subject to Section 179 of the Act, entrust to and confer upon a Managing or whole time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.

#### ***Remuneration to Managing Directors/ Whole time Directors***

229. A Managing or whole time Director may be paid such remuneration, whether by way of monthly payment, or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act, as the Board of Directors may determine.

### **POWER TO AUTHENTICATE DOCUMENTS**

230. Subject to the Applicable Law, any Director or the Company Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts thereof; and where any books, records documents or accounts are then, at the office, the local manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.
231. Document purporting to be a copy of resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the preceding Article shall be conclusive evidence



in favor of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be that extract is a true and accurate records of a duly constituted meeting of the Directors.

### **THE SEAL**

232. The Board may, in its absolute discretion, adopt a common seal for the Company.
233. The Board shall provide for the safe custody of the Seal, if adopted and shall have the power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. The Company shall also be at liberty to have an official Seal for use in any territory, district or place outside India.
234. The Seal of the Company, if any, shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorized by it in that behalf and except in the presence of such Directors or such other person as the Board may specify/appoint for the purpose; and the Director.

### **MANAGEMENT OUTSIDE INDIA AND OTHER MATTERS**

235. Subject to the provisions of the Act, the following shall have effect:
- 235.1. The Board may from time to time provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- 235.2. Subject to the provisions of the Act, the Board may at any time establish any local Directorate for managing any of the Delegation. affairs of the Company outside India and may appoint any person to be member of any such local Directorate or any manager or agents and may fix their remuneration and, save as provided in the Act, the Board may at any time delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board and such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and annual or vary any such delegations.
- 235.3. The Board may, at any time and from time to time by power of attorney under Seal, if any, appoint any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those which may be delegated by the Board under the Act and for such period and subject to such conditions as the Board may, from time to time, thinks fit and such appointments may, if the Board thinks fit, be made in favor of the members or any of members of any local Directorate established as aforesaid, or in favor of the Company or of the members, Directors, nominees or officers of the Company or firm or In favor of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit.
- 235.4. Any such delegate or Attorney as aforesaid may be authorized by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- 235.5. The Company may exercise the power conferred by the Act with regard to having an Official seat for use abroad and such powers shall be vested in the Board and the Company may cause to be kept in any state or country outside India, as may be permitted by the Act, a Foreign Register of Member or Debenture holders residents in any such state or country and the Board may, from time to time make such regulations not being inconsistent with the provisions of the Act and the Board may, from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of the local law and shall In any case comply with the provisions of the Act.

### **DIVIDENDS AND RESERVE**

#### ***Division of profits***

236. The profits of the Company, subject to any special rights as to dividends or authorized to be created by these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of Capital paid-up on the Shares held by them respectively.

***The Company in general meeting may declare a Dividend***

237. The Company in general meeting may declare dividends to be paid to members according to their respective rights, but no Dividend shall exceed the amount recommended by the Board; the Company in general meeting may, however declare a smaller Dividend. No Dividend shall bear interest against the Company.

***Dividend only to be paid out of profits***

238. Subject to the provisions of the Act, the Dividend can be declared and paid only out of:
- 238.1. Profits of the financial year, after providing depreciation;
  - 238.2. Accumulated profits of the earlier years, after providing for depreciation;
  - 238.3. Out of monies provided by Central or State Government for payment of Dividend in pursuance of a guarantee given by the Government.
239. If the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of the Act, or against both.

***Transfer to reserve***

240. The Board may, before recommending any Dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
241. Such reserve, being free reserve, may also be used to declare dividends in the event the Company has inadequate or absence of profits in any financial year, in accordance to Section 123 of the Act and Applicable Law made in that behalf. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

***Interim Dividend***

242. Subject to the provisions of Section 123 of the Act and Applicable Law, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.

***Calls in advance not to carry rights to participate in profits***

243. Where Capital is paid in advance of calls such Capital may carry interest but shall not in respect thereof confer a right to Dividend or participate in profits.

***Payment of pro rata Dividend***

244. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid; but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date such Share shall rank for Dividend accordingly.

***Deduction of money owed to the Company***

245. The Board may deduct from any Dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

***Rights to Dividend where shares transferred***

246. A transfer of Share shall not pass the right to any Dividend declared thereon before the registration of the transfer.

***Dividend to be kept in abeyance***

247. The Board may retain the dividends payable in relation to such Shares in respect of which any person is entitled to become a Member by virtue of transmission or transfer of Shares and in accordance sub-Section (5) of Section 123 of the Act or Applicable Law. The Board may also retain dividends on which Company has lien and may apply the same towards satisfaction of debts, liabilities or engagements in respect of which lien exists.

***Notice of Dividend***

248. Notice of any Dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Act.

***Manner of paying Dividend***

249. Subject to the Applicable Law, any Dividend, interest or other monies payable in cash in respect of shares may be paid by any electronic mode to the shareholder entitled to the payment of the Dividend, or by way of cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
250. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or Warrant or pay-slip or receipt lost in transmission, or for any Dividend lost to the member of person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the Dividend by any other means.

***Receipts for Dividends***

251. Any one of two or more joint holders of a Share may give effective receipts for any dividends, bonuses or other monies payable in respect of such Share.

***Non-forfeiture of unclaimed Dividend***

252. No unclaimed Dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with the provision of Sections 124 and 125 of the Act in respect of all unclaimed or unpaid dividends.

## **ACCOUNTS**

***Directors to keep true accounts***

253. The Company shall keep at the registered office or at such other place in India as the Board thinks fit, proper books of account and other relevant books and papers and financial statement for every financial year in accordance with Section 128 of the Act.
254. Where the Board decides to keep all or any of the Books of Account at any place in India other than the registered office of the Company the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.
255. The Company shall preserve in good order the books of account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.
256. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the preceding Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its registered office or at any other place in India, at which the Company's Books of Account are kept as aforesaid.
257. The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be and explain its transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

***Preparation of revised financial statements or Boards' Report***

258. Subject to the provisions of Section 131 of the Act and the Applicable Law made thereunder, the Board may require the preparation of revised financial statement of the Company or a revised Boards' Report in respect of any of the three preceding financial years, if it appears to them that (a) the financial statement of the Company or (b) the report of the Board do not comply with the provisions of Section 129 or Section 134 of the Act.

***Places of keeping accounts***

259. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors.
260. No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting.

**AUDIT**

***Auditors to be appointed***

261. Statutory Auditors and Cost Auditors, if any, shall be appointed and their rights and duties regulated in accordance with Sections 139 to 148 of the Act and Applicable Laws. Where applicable, a Secretarial Auditor shall be appointed by the Board and their rights and duties regulated in accordance with Sections 204 of the Act and Applicable Laws.
262. Subject to the provisions of Section 139 of the Act and Applicable Laws made thereunder, the Statutory Auditors of the Company shall be appointed for a period of five consecutive years, subject to ratification by members at every annual general meeting. Provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons as may be recommended by the Board, in accordance with Section 140 of the Act or Applicable Laws.

***Remuneration of Auditors***

263. The remuneration of the Auditors shall be fixed by the Company in Annual general meeting or in such manner as the Company in general meeting may determine.

**DOCUMENTS AND NOTICES**

***Service of documents and notice***

264. A document or notice may be served or given by the Company on any member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him or by way of any electronic transmission, as prescribed in Section 20 of the Act and Applicable Law made thereunder.
265. Where a document or notice is sent by post, services of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of the doing so, service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

***Notice to whom served in case of joint shareholders***

266. A document or notice may be served or given by the Company on or given to the joint-holders of a Share by serving or giving the document or notice on or to the joint-holders named first in the Register of Members in respect of the Share.

***Notice to be served to representative***

267. A document or notice may be served or given by the Company on or to the persons entitled to a Share in consequence of the death or insolvency of a member by sending it through post in a prepaid letter addressed to him or them by

name or by the title of representatives of the deceased or assignee of the insolvent or by any like description, at the address if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

***Service of notice of General Meetings***

268. Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore on or to (a) every member of the Company, legal representative of any deceased member or the assignee of an insolvent member, (b) every Director of the Company and (c) the Auditor(s) for the time being of the Company.

***Members bound by notice***

269. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such shares, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.

***Documents or notice to be signed***

270. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorized by the Board of Directors for such purpose and the signatures thereto may be written, printed or lithographed.

**WINDING UP**

271. Subject to the provisions of the Act and Applicable Law:
- 271.1. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, but subject to the rights attached to any preference Share Capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.
- 271.2. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- 271.3. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

**BONAFIDE EXERCISE OF MEMBERSHIP RIGHTS**

272. Every Member and other Security holder will use rights of such Member/ Security holder as conferred by Applicable Law or these Articles bonafide, in best interest of the Company or for protection of any of the proprietary interest of such Member/security holder and not for extraneous, vexatious or frivolous purposes. The Board shall have the right to take appropriate measures and in case of persistent abuse of powers, expulsion of such Member or other Security holder, in case any Member/Security holder abusively makes use of any powers for extraneous, vexatious or frivolous purposes

**INDEMNITY**

273. For the purpose of this Article, the following expressions shall have the meanings respectively assigned below:
- 273.1. “**Claims**” means all claims for fine, penalty, amount paid in a proceeding for compounding or immunity proceeding, actions, prosecutions and proceedings, whether civil, criminal or regulatory;

273.2. **“Indemnified Person”** shall mean any Director, officer or employee of the Company, as determined by the Board, who in bonafide pursuit of duties or functions or of honest and reasonable discharge any functions as a Director, officer or employees, has or suffers any Claims or Losses, or against whom any Claims or Losses are claimed or threatened;

273.3. **“Losses”** means any losses, damages, cost and expense, penalties, liabilities, compensation or other awards, or any settlement thereof, or the monetary equivalent of a non-monetary suffering, arising in connection with any Claim;

### ***Indemnification***

274. Where Board determines that any Director, officer or employee of the Company should be an Indemnified Person herein, the Company shall, to the fullest extent and without prejudice to any other indemnity to which the Indemnified Person may otherwise be entitled, protect, indemnify and hold the Indemnified Person harmless in respect of all Claims and Losses, arising out of, or in connection with, the actual or purported exercise of, or failure to exercise, any of the Indemnified Person’s powers, duties or responsibilities as a Director or officer of the Company or of any of its subsidiaries, together with all reasonable costs and expenses (including legal and professional fees).

275. The Company shall further indemnify the Indemnified Person and hold him harmless on an ‘as incurred’ basis against all legal and other costs, charges and expenses reasonably incurred in defending Claims including, without limitation, Claims brought by, or at the request of, the Company and any investigation into the affairs of the Company by any judicial, governmental, regulatory or other body.

276. The indemnity herein shall be deemed not to provide for, or entitle the Indemnified Person to, any indemnification against:

276.1. Any liability incurred by the Indemnified Person to the Company due to breach of trust, breach of any statutory or contractual duty, fraud or personal offence of the Indemnified Person;

276.2. Any liability arising due to any benefit wrongly availed by the Indemnified Person;

276.3. Any liability on account of any wrongful information or misrepresentation done by the Indemnified Person

277. The Indemnified Person shall continue to be indemnified under the terms of the indemnities in this Deed notwithstanding that he may have ceased to be a Director or officer of the Company or of any of its subsidiaries.

### **SECRECY**

278. Every manager, Auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board of Directors, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge In the discharge of his duties except when required to do so by the Directors or by any general meeting or by the law of the country and except so far as maybe necessary in order to comply with any of the provisions in these Presents and the provisions of the Act.

279. Subject to the provisions of these Articles and the Act, no member, or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or to examine the Company’s premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company’s trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be expedient in the interest of the Company to communicate.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

*The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Draft Red Herring Prospectus which will be delivered to the RoC for filing. Copies of the abovementioned contracts and also the documents and contracts for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date (except for such agreements executed after the Bid/ Offer Closing Date). Copies of the documents for inspection referred to hereunder, will also be available on the website of the Company at [www.earthood.in](http://www.earthood.in) from the date of this Draft Red Herring Prospectus until the Bid/ Offer Closing Date (except for such agreements executed after the Bid/ Offer Closing Date). Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required, in the interest of our Company, or if required by the other parties, without reference to the Shareholders, subject to compliance with the provisions of the Companies Act and other applicable law.*

#### A. Material Contracts for the Offer

1. Offer Agreement dated December 26, 2024 entered into between our Company, the Promoter Selling Shareholders and the BRLM;
2. Registrar Agreement dated December 23, 2024 entered into amongst our Company, the Promoter Selling Shareholders and the Registrar to the Offer;
3. Escrow and Sponsor Bank Agreement dated [●] amongst our Company, the Promoter Selling Shareholders, the Registrar to the Offer, the BRLM, the Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Banks and the Refund Bank(s);
4. Share Escrow Agreement dated [●] amongst the Promoter Selling Shareholders, our Company and the Share Escrow Agent.
5. Syndicate Agreement dated [●] amongst our Company, the Promoter Selling Shareholders, the BRLM, the Syndicate Members(s) and the Registrar to the Offer;
6. Monitoring agency agreement dated [●] amongst our Company and the Monitoring Agency.
7. Underwriting agreement dated [●], 2024 amongst our Company, the Promoter Selling Shareholders and the Underwriters.

#### B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended from time to time;
2. Certificate of incorporation dated September 14, 2012 issued by the RoC;
3. Fresh certificate of incorporation dated September 23, 2024 issued by the RoC consequent to conversion into public limited company;
4. Resolution of the Board of Directors dated December 2, 2024 and special resolution dated December 2, 2024 passed by our Shareholders in relation to the Offer and other related matters;
5. Resolution of the Board of Directors dated December 17, 2024, taking on record the consent of the Promoter Selling Shareholders to participate in the Offer for Sale.
6. Consent letters dated December 17, 2024, from each of the Promoter Selling Shareholders authorising their participation in the Offer for Sale
7. Resolution of our Board of Directors dated December 26, 2024 approving the Draft Red Herring Prospectus;
8. Examination report dated December 17, 2024 of our Statutory Auditors on our Restated Consolidated Financial Statements, included in this Draft Red Herring Prospectus;
9. Copies of the annual reports of the Company for the Fiscals 2024, 2023 and 2022;

10. The statement of possible special tax benefits dated December 23, 2024 issued by the Statutory Auditors;
11. Consents of our Promoters, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Chief Executive Officer, Legal Counsel to the Issuer, the Book Running Lead Manager, the Registrar to the Offer, Banker to our Company to act in their respective capacities;
12. Consent dated December 23, 2024 by Statutory Auditors, M/s. Jagdish Chand & Co, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “Expert” defined under Section 2(38) of the Companies Act, read with Section 26(5) of the Companies Act, in respect of the examination report of the Auditors on the Restated Consolidated Financial Statement and statement of possible special tax benefits dated December 23, 2024 included in this Draft Red Herring Prospectus;
13. Certificate dated December 24, 2024 by the Statutory Auditors, M/s. Jagdish Chand & Co., Chartered Accountants verifying the key performance indicators(s) of our Company.
14. Consent dated December 17, 2024 from CRISIL, to include contents or any part thereof from their report titled “*Assessment of ESG Advisory Services and Carbon Markets*” dated December 2024 in this Draft Red Herring Prospectus;
15. Report titled “*Assessment of ESG Advisory Services and Carbon Markets*” dated December 2024, prepared and issued by CRISIL MI&A, a division of CRISIL Limited and commissioned and paid for by our Company exclusively for the purpose of this Offer;
16. Undertaking dated [●] submitted by the BRLM to the SEBI in relation to utilization of the proceeds of the Pre-IPO Placement
17. Undertaking dated [●] submitted by the BRLM to the SEBI in connection with disclosure of the Pre-IPO Placement by way of a public advertisement and in the Price Band advertisement
18. Tripartite agreement dated July 19, 2024 between our Company, NSDL and the Registrar to the Offer;
19. Tripartite agreement dated July 19, 2024 between our Company, CDSL and the Registrar to the Offer;
20. Due diligence certificate dated December 26, 2024 addressed to the SEBI from the BRLM.
21. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively; and
22. Final observation letter bearing reference number [●] dated [●] issued by SEBI.



## **DECLARATION**

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

**SIGNED BY THE DIRECTOR AND CHIEF EXECUTIVE OFFICER OF OUR COMPANY**

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**Dr. Kaviraj Singh**

**Date:** December 26, 2024

**Place:** London, UK

## **DECLARATION**

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

**SIGNED BY THE CHAIRPERSON AND DIRECTOR OF OUR COMPANY**

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**Ashok Kumar Gautam**

**Date:** December 26, 2024

**Place:** Gurgaon, Haryana

## **DECLARATION**

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

**SIGNED BY THE NON-EXECUTIVE DIRECTOR OF OUR COMPANY**

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**Nishant Idnani**  
**Non-Executive Director**

**Date:** December 26, 2024

**Place:** Gurgaon, Haryana

## **DECLARATION**

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

**SIGNED BY THE INDEPENDENT DIRECTOR OF OUR COMPANY**

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**Anushman Mishra**  
**Independent Director**

**Date:** December 26, 2024

**Place:** Gurgaon, Haryana

## **DECLARATION**

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

**SIGNED BY THE INDEPENDENT DIRECTOR OF OUR COMPANY**

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**Amar Wadhwa**  
**Independent Director**

**Date:** December 26, 2024

**Place:** Gurgaon, Haryana

## **DECLARATION**

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

**SIGNED BY THE INDEPENDENT DIRECTOR OF OUR COMPANY**

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**Sunita Thawani**  
**Independent Director**

**Date:** December 26, 2024

**Place:** Gurgaon, Haryana

## **DECLARATION**

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

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Manish Singh Negi**  
**Chief Financial Officer**

**Date:** December 26, 2024

**Place:** Gurgaon, Haryana

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDERS**

I, Dr. Kaviraj Singh, acting as a Promoter Selling Shareholder, hereby confirm that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to me, as one of the Promoter Selling Shareholders and my portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED BY THE PROMOTER SELLING SHAREHOLDER**

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**Dr. Kaviraj Singh**

**Date:** December 26, 2024

**Place:** London, UK



## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDERS**

I, Ashok Gautam, acting as a Promoter Selling Shareholder, hereby confirm that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to me, as one of the Promoter Selling Shareholders and my portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

**SIGNED BY THE PROMOTER SELLING SHAREHOLDER**

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**Ashok Gautam**

**Date:** December 26, 2024

**Place:** Gurgaon, Haryana