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OSEL DEVICES LIMITED

Osel Devices Limited (the “Company” or the “Issuer”) was incorporated on August 14, 2006 as a private limited company under the name and style of ‘Innovative Infratech Solutions Private Limited’, under the Companies Act, 1956, pursuant to a certificate of incorporation dated August 14, 2006 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Subsequently, in order to rectify the transposition error in the name of our Company, pursuant to a resolution passed by our Board of Directors in its meeting held on November 6, 2013, and by the Shareholders in their Extraordinary General Meeting held on November 8, 2013, the name of our Company was changed to ‘Innovative Infratech Solutions Private Limited’ and a fresh certificate of incorporation dated November 22, 2013 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Subsequently, pursuant to a resolution passed by our Board of Directors in its meeting held on November 13, 2023, and by the Shareholders in their extraordinary general meeting held on December 15, 2023, in order to reflect the main business activity of the Company and for better branding, the name of our Company was changed to ‘Osel Devices Private Limited’ and a fresh certificate of incorporation dated January 16, 2024 was issued by the Registrar of Companies, Delhi and Haryana at Delhi. Further, our Company was converted into a public limited company pursuant to a resolution passed by our Board of Directors in its meeting held on March 15, 2024, and by the Shareholders in an extraordinary general meeting held on March 22, 2024 and consequently the name of our Company was changed to ‘Osel Devices Limited’ and a fresh certificate of incorporation dated May 2, 2024 was issued by the Registrar of Companies, Central Processing Centre. For details of change in Registered Office of our Company, please refer to the chapter titled “History and Certain Corporate Matters” on page 160 of the Draft Red Herring Prospectus.

Registered Office: Office No.- 712, Naurang House K.G. Marg, Connaught Place, Central Delhi, New Delhi- 110 001, Delhi, India;

Telephone: +91 116 666 7621; **Facsimile:** N.A.

Corporate Office (Address where the books of accounts of our Company are maintained): Signature Tower, 1st Floor Plot No 3, Sector Knowledge Park-III, Sector 34, Gautam Buddha Nagar, Noida – 201 307, Uttar Pradesh, India;

Telephone: +91 120 635 1600; **Facsimile:** N.A.

E-mail: info@oseldevices.com; **Website:** www.oseldevices.com; **Contact Person:** Sandeep Kumar, Company Secretary & Compliance Officer;

Corporate Identity Number: U72200DL2006PLC152027

PROMOTERS OF OUR COMPANY: RAJENDRA RAVI SHANKER MISHRA AND JYOTSNA JAWAHAR

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JUNE 21, 2024: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC OFFER OF UPTO 45,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (“EQUITY SHARES”) OF OUR COMPANY AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹ [●] LACS (“PUBLIC ISSUE”) OUT OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LACS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LACS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN [●] EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, HINDI BEING THE REGIONAL LANGUAGE OF DELHI WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”) FOR THE PURPOSES OF UPLOADING ON ITS WEBSITE IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”).

Potential Bidders may note the following: “ISSUE DOCUMENT SUMMARY”, “RISK FACTORS”, “OBJECTS OF THE ISSUE”, “BASIS FOR ISSUE PRICE”, “OUR BUSINESS”, “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS”, AND “GOVERNMENT AND OTHER STATUTORY APPROVALS” have been updated in accordance with the suggestions made by NSE.

The above is to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus and Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges. All capitalized terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

Place: Delhi, India

Date: August 24, 2024

On behalf of Osel Devices Limited

Sd/-

**Rajendra Ravi Shanker Mishra
Managing Director**

BOOK RUNNING LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

Horizon Management Private Limited

19 R N Mukherjee Road, Main Building, 2nd Floor,
Kolkata- 700 001, West Bengal, India.

Telephone: +91 33 4600 0607

Facsimile: +91 33 4600 0607

E-mail: smeipo@horizon.net.co

Website: www.horizonmanagement.in

Investor grievance: investor.relations@horizon.net.co

SEBI Registration Number: INM000012926

Contact Person: Manav Goenka

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area,
Phase-II New Delhi- 110 020,
Delhi, India.

Telephone: +91 112 638 7281/83, 114 132 0335

Facsimile: +91 112 638 7384

E-mail: ipo@masserv.com

Investor grievance: investor@masserv.com

SEBI Registration No.: INR000000049

Contact Person: N. C. Pal

BID/ISSUE PROGRAMME

ANCHOR PORTION ISSUE OPENS/CLOSES ON: [●]

BID/ISSUE OPENS ON: [●]

BID/ISSUE CLOSES ON: [●]

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SECTION II – ISSUE DOCUMENT SUMMARY

Summary of Business

Osel is driven by a passion for innovation and a commitment to excellence. As a provider of technology solutions, Osel specializes in creating transformative products that empower individuals, businesses, and communities to thrive in a rapidly evolving digital world. Our Company manufactures a comprehensive range of LED display systems and the latest hearing aids, including all major components, at our ultra-modern plant. Osel's manufacturing plant in Greater Noida was inaugurated by Ex-Union Minister Shri Pratap Sarangi.

SECTION III – RISK FACTORS

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

9. *We import majority of our raw materials from China. Any inability to pass on increased price of the key raw materials, used for manufacturing our products may affect our profitability.*

The details of the raw materials required for manufacturing our products along with the source of such raw materials have been provided below:

S. No.	Raw Material	Source
LED Display System		
1.	LED Module	The module required for our manufacturing our products are sourced from China. This is not domestically manufactured.
2.	RGB SMD 3 in 1 LED	The RGB SMD 3 in 1 LED required for our manufacturing our products are sourced from China. This is not domestically manufactured.
3.	Alloy Die Cast Cabinet	The Alloy Die Cast Cabinet required for our manufacturing our products are sourced from domestic market from Delhi NCR region and imported from China.
4.	Switch Mode Power Supply	The Switch Mode Power Supply required for our manufacturing our products are sourced from China. This is not domestically manufactured.
5.	Controller / Driver	The Controller / Driver required for our manufacturing our products are sourced from China. This is not domestically manufactured.
Hearing Aids		
1.	Balanced Armature Receiver	The Balanced Armature Receiver required for our manufacturing our products are sourced from China. This is not domestically manufactured.
2.	MEMS Microphone	The MEMS Microphone required for our manufacturing our products are sourced from China. This is not domestically manufactured.
3.	DSP Amplifier assembly	The DSP Amplifier assembly required for our manufacturing our products are sourced from China. This is not domestically manufactured.
4.	T-Coil	The T-Coil required for our manufacturing our products are sourced from China. This is not domestically manufactured.
5.	Zinc air Batteries	The T-Coil required for our manufacturing our products are sourced from China. This is not domestically manufactured.
6.	Housing Kit	The Housing Kit required for our manufacturing our products are sourced from domestic market from Delhi NCR region and imported from China.

A break up of purchase undertaken domestically and internationally, during the preceding three Fiscals and the nine month period ended December 31, 2023, has been provided below:

Particulars	December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ in lakhs)	Percentage (%)	Amount (₹ in lakhs)	Percentage (%)	Amount (₹ in lakhs)	Percentage (%)	Amount (₹ in lakhs)	Percentage (%)
Domestic Purchase	3,840.57	42.23	572.24	7.67	2,928.59	46.34	3,356.86	65.53
Imports	5,253.20	57.77	6,885.01	92.33	3,390.94	53.66	1,766.57	34.47

We import majority of our products from China from various suppliers, therefore we are dependent upon smooth trade relations between India and China. In view of the ongoing clashes between both the countries, if any of the countries decide to restrict or all together halt the trade, our products would be adversely impacted. Further, in the event any policy is adopted which increases the import duty on the goods purchased from China, our raw materials may become costlier and less economic for us. In addition to above, the availability and price of our raw materials may be subject to a number of factors beyond our control, including economic factors, seasonal factors, environmental factors and changes in government policies and regulations, including those relating to the LED and hearing aid industry in general.

We have not entered into long term contracts with our suppliers and prices for raw materials are normally based on the quotes we receive from various suppliers. Since we have no formal arrangements with our suppliers, they are not contractually obligated to supply their products to us at reasonable prices and may choose to sell their products to our competitors. Non-availability or inadequate quantity of raw material could also impact the cost of polymers required by us for manufacturing our finished products.

We do not have an understanding or formal agreements executed with our customers, wherein we have mutually agreed to pass on any increase in the cost of raw materials to our customers. In the event, we are unable to account the increased cost of raw materials in the cost of our products, our financial condition and result of operations would be severely impacted. We cannot assure you that we will always be able to meet our raw material requirements at prices acceptable to us, or at all, or that we will be able to pass on any increase in the cost of raw materials to our customers. Our inability to pass on the increased costs of raw materials to our customers in future, may affect our profitability.

19. Our Company requires significant amount of working capital for a continuing growth. Our inability to meet our working capital requirements may adversely affect our results of operations.

Our business requires a significant amount of working capital. In the event, we are unable to source the required amount of working capital for addressing an increased demand of our services, we might not be able to efficiently satisfy the demand of our customers. Even if we are able to source the required amount of funds, we cannot assure you that such funds would be sufficient to meet our cost estimates and that any increase in the expenses will not affect the price of our services.

On the basis of the existing working capital requirement of our Company, please see below the details of our working capital requirements in the preceding three years:

S. No.	Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at December 31, 2023	As at March 31, 2024	As at March 31, 2025	As at March 31, 2026
		(Actual-Restated)	(Actual-Restated)	(Actual-Restated)	(Actual-Restated)	(Provisional)	(Estimated)	(Projected)
(A)	Current assets							
(a)	Inventories	395.22	1,027.31	1,815.21	2,433.52	2,466.21	4,931.51	6,534.25
(b)	Trade receivables	701.89	1,130.35	1,283.43	4,248.80	2,484.62	4,109.59	5,445.21
(c)	Other Current Assets	134.67	85.44	1,049.44	573.52	282.63	602.00	795.00
	Total current assets (A)	1,231.78	2,243.10	4,148.08	7,255.85	5,233.46	9,643.10	12,774.45
(B)	Current liabilities							
(a)	Trade payables	511.77	1,523.27	1,618.13	3,376.55	1,626.59	2,849.32	3,775.34
(b)	Provisions, other current liabilities and current tax liabilities (net)	235.02	134.35	236.01	638.62	854.90	1,160.00	1,537.00
	Total current liabilities (B)	746.79	1,657.62	1,854.14	4,015.16	2,481.49	4,009.32	5,312.34
(C)	Total working capital requirements (C = A – B)	484.99	585.48	2,293.94	3,240.69	2,751.97	5,633.78	7,462.11
(D)	Funding pattern							
(a)	IPO proceeds	-	-	-	-	-	4,400.00	-
(b)	Borrowings from banks, financial institutions and non-banking financial companies (including bill discounting) and/or internal accruals	484.99	585.48	2,293.94	3,240.69	2,751.97	1,233.78	7,462.11
	Total	484.99	585.48	2,293.94	3,240.69	2,751.97	5,633.78	7,462.11

Note: Pursuant to the certificate dated June 21, 2024 issued by the Statutory Auditor.

Our Company shall also fund the incremental working capital requirements by availing loan facilities.

Further, one of the objects of this Issue include funding of working capital requirements of our Company, which is based on management estimates and certain assumptions. For more information in relation to such management estimates and assumptions, please see “Objects of the Issue” on page **Error! Bookmark not defined.** Our working capital requirements may be subject to change due to factors beyond our control including force majeure conditions, an increase in defaults by our customers, non-availability of funding from banks or financial institutions. Accordingly, such working capital requirements may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

Any delay in processing our payments by our customers may increase our working capital requirement. Further, if a customer

defaults in making payments on the services, on which we have devoted significant resources, it could affect our profitability and liquidity and decrease the capital reserves that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to such defaults but settlement of disputes generally takes time and financial and other resources, and the outcome is often uncertain. In general, we take provisions for bad debts, including those arising from such defaults based primarily on ageing and other factors such as special circumstances relating to special customers. There can be no assurance that such payments will be remitted by our clients to us on a timely basis or that we will be able to effectively manage the level of bad debt arising from defaults. We may also have large cash outflows, including among others, losses resulting from environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and liability claims.

All of these factors may result in increase in the amount of receivables and short-term borrowings. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

SECTION IV – INTRODUCTION

OBJECTS OF THE ISSUE

Reason for substantial increase of working capital requirement are mentioned below:-

Osel is driven by a passion for innovation and a commitment to excellence. As a provider of technology solutions, Osel specializes in creating transformative products that empower individuals, businesses, and communities to thrive in a rapidly evolving digital world. Our Company manufactures a comprehensive range of LED display systems and the hearing aids, including all major components, at our manufacturing plant in Greater Noida.

Basis of estimation of working capital requirement

The details of our existing Company's working capital as at March 31, 2021, March 31, 2022, March 31, 2023 and December 31, 2023 and the source of funding, derived from the financial statements of our Company, as certified by our Statutory Auditor through their certificate dated June 21, 2024, are provided in the table below. The details of our existing Company's working capital as at March 31, 2024 are based on the provisional financial statements of our Company, as certified by our Board of Directors on June 21, 2024. On the basis of the existing and estimated working capital requirement of our Company, and assumptions for such working capital requirements, our Board pursuant to its resolution dated June 21, 2024, has approved the estimated working capital requirements for Fiscals 2025 and 2026 as set forth below:

S. No.	Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at December 31, 2023	As at March 31, 2024	As at March 31, 2025	As at March 31, 2026
		(Actual-Restated)	(Actual-Restated)	(Actual-Restated)	(Actual-Restated)	(Provisional)	(Estimated)	(Projected)
(A)	Current assets							
(a)	Inventories	395.22	1,027.31	1,815.21	2,433.52	2,466.21	4,931.51	6,534.25
(b)	Trade receivables	701.89	1,130.35	1,283.43	4,248.80	2,484.62	4,109.59	5,445.21
(c)	Other Current Assets	134.67	85.44	1,049.44	573.52	282.63	602.00	795.00
	Total current assets (A)	1,231.78	2,243.10	4,148.08	7,255.85	5,233.46	9,643.10	12,774.45
(B)	Current liabilities							
(a)	Trade payables	511.77	1,523.27	1,618.13	3,376.55	1,626.59	2,849.32	3,775.34
(b)	Provisions, other current liabilities and current tax liabilities (net)	235.02	134.35	236.01	638.62	854.90	1,160.00	1,537.00
	Total current liabilities (B)	746.79	1,657.62	1,854.14	4,015.16	2,481.49	4,009.32	5,312.34
(C)	Total working capital requirements (C = A – B)	484.99	585.48	2,293.94	3,240.69	2,751.97	5,633.78	7,462.11
(D)	Funding pattern							
(a)	IPO proceeds	-	-	-	-	-	4,400.00	-
(b)	Borrowings from banks, financial institutions and non-banking financial companies (including bill discounting) and/or internal accruals	484.99	585.48	2,293.94	3,240.69	2,751.97	1,233.78	7,462.11
	Total	484.99	585.48	2,293.94	3,240.69	2,751.97	5,633.78	7,462.11

Note: Pursuant to the certificate dated June 21, 2024 issued by the Statutory Auditor.

Our Company shall also fund the incremental working capital requirements by availing loan facilities.

Assumptions for our estimated working capital requirements

Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at December 31, 2023	As at March 31, 2024	As at March 31, 2025	As at March 31, 2026
	(Actual-Restated)	(Actual-Restated)	(Actual-Restated)	(Actual-Restated)	(Provisional)	(Estimated)	(Projected)
Holding Level for year/period ended							
Inventories	25	57	81	84	68	90	90
Trade Receivables	45	63	57	146	69	75	75
Trade Payables	36	86	77	135	55	65	65

Key assumptions for working capital requirements

Our Company's estimated working capital requirements on a standalone basis are based on the following key assumptions:

S. No.	Particulars	Assumptions
Current Assets		
1	Inventories	Our Company had Inventories Holding days of 25 days, 57 days, 81 days and 68 days in FY 2021, FY2022, FY2023 and FY2024. We expect Inventories Holding days to be around 90 days for FY2025 and FY 2026. This will be slightly longer than 84 days for the nine month period ended December 31, 2023. With the infusion of fresh funds in working capital, the Company would be able to maintain higher inventories of raw material and finished products leading to faster execution of orders. This would give an edge to the Company over its competitors.
2	Trade Receivables	Our Company's general credit terms vary across type of business and customer. We had Debtors Holding days of 45 days, 63 days, 57 days and 69 days in FY 2021, FY2022, FY2023 and FY2024. We expect Debtors Holding days to be around 75 days for FY2025 and FY 2026. This will be almost at par with FY2024. The Company would maintain the debtors holding days at about 75 days in the next 2 years as it would execute new orders with longer payment cycles but with higher margins.
Current Liabilities		
1	Trade Payables	We had creditor payment cycle of 36 days, 86 days, 77 days and 55 days in FY 2021, FY2022, FY2023 and FY2024. We expect our creditor payments days be around 65 days for FY2025 and FY2025. The company is trying to lower creditors by paying earlier, leading to more discounts and hence better profitability.

Reason for substantial increase of working capital requirement are mentioned below:

Osel is driven by a passion for innovation and a commitment to excellence. As a one of the leading providers of cutting-edge technology solutions, Osel specializes in creating transformative products that empower individuals, businesses, and communities to thrive in a rapidly evolving digital world. Our Company manufactures a comprehensive range of LED display systems and the hearing aids, including all major components, at our manufacturing plant in Greater Noida.

We manufacture a comprehensive range of LED display systems. We are equipped with software and hardware capabilities. Our LED display systems are enabled with content management system which allows them to connect to phone or computer and display on screen. Equipped with the latest technology and adhering to rigorous quality control standards, we produce a wide range of high-performance components and systems. This vertical integration ensures consistency and excellence in every product we deliver. The LED display systems manufactured by us have been used by corporate for commercial usage such as advertising media, billboards, corporate meeting rooms, presentations, display promotions, command control center and front sign boards.

We also manufacture hearing aids commonly known as assisted healthcare devices. Our hearing aids are designed to support individuals with disabilities, elderly person and chronic patients, who are having low hearing level, in performing everyday activities more effectively to enhance quality of life. Our major customer for hearing aids is Artificial Limbs Manufacturing Corporation of India. We manufacture Digital Programable and Non-Programmable Hearing Aids.

The increase in working capital requirements is driven by the company's growing operations in both the product line LED display systems and hearing aids, as well as strategic efforts to optimize working capital management through the utilization of IPO funds. These measures are aimed at supporting our growth trajectory, enhancing operational efficiency, and maximizing shareholder value.

During the period ended December 31, 2023, the total working capital requirement was ₹ 3,240.69 Lakhs. However, this is estimated to increase to ₹ 5,633.78 Lakhs during FY2025 and ₹ 7,462.11 Lakhs during FY2026. The reasons for increase in future working capital requirements of our company are as under:

- Our Company's business is a working capital intensive and to address the current issue of limited working capital and achieve exponential growth, the company plans to infuse funds into working capital from the Issue Proceeds. Additionally, the company aims to establish partnerships with new clients by executing orders at higher margins and extending more favourable credit terms. These strategic initiatives are expected to drive future growth.
- As a manufacturing company, we are committed to staying ahead of the curve and embracing new technologies. Our goal is to stay a technology-based manufacturing company, leveraging the latest innovations to create even more engaging products for our customers. We intend to develop new variants of LED displays tailored for different industry needs. We continuously innovate our product offerings by integrating the latest technologies such as interactive screens, eco-friendly materials and lower power consumption products. We are also in the development stage of various advanced categories of hearing aids. This would enable our Company help in making our products more accessible and appealing to a wider range of customers.
- The Company is planning to enter into newer geographies and expand our business. This strategic decision is not just about reaching new markets, it's about solidifying our position in the industry and fostering sustainable growth. By venturing into untapped territories, we aim to unlock fresh opportunities, broaden our customer base, and diversify our revenue streams.

Rational for increase in working capital requirement in last 3 financial years and stub period ended December 2023 are as under:

1. **Increase in Business:** The company's expansion of business operations, requires additional working capital. With the increase in order book, there is a corresponding need for more funds to finance inventory, labor, and other operational expenses. Additionally, our focus on procuring raw materials in bulk aims to further increase our profit margin. Further, to accommodate this growth, we aim to maintain a debtor cycle of two and half months, requiring adequate working capital to support extended credit facilities to customers.

As on July 15, 2024, the existing order book of the Company is Rs. 4,642 lakhs and has already own the order to the tune of Rs.7,383 lakhs in which execution of documents are in process. The Company has already recorded a revenue of Rs.3,778.51 lakhs for the period ended June 30, 2024, whereas company had generated revenue of Rs.13,223.80 lakhs in FY2024. This shows the expansion in business operations and volume.

2. **Expansion of Operations:** The launch of new variants hearing aids which are under development phase, marks a major milestone in our expansion initiatives. However, it entails a significant initial investment in working capital to ensure seamless operations. This expansion is pivotal for meeting the increasing market demand and capitalizing on new growth prospects. This will boost our revenue in the coming years and necessitate additional working capital.
3. **Utilization of IPO Funds:** The inflow of funds from our recent initial public offering (IPO) presents an opportunity to optimize our working capital management. By leveraging these funds, we aim to streamline our payables process, reducing settlement times and maximizing cash flow efficiency. We aim to reduce the trade payable days to 65 days. This proactive approach allows us to negotiate more favorable terms and conditions with suppliers, enabling us to secure better discounts and deals on procurement. Ultimately, this strategy enhances our profitability and strengthens our competitive position in the market.

The Company generated revenue from operations of approximately Rs.13,223.80 lakhs during FY 2024. Looking forward, the Company anticipates significant growth, with revenue of around Rs.3,778.51 lakhs already locked as of June 30, 2024. This trajectory of growth is expected to further expand in the 2nd half of FY2025, considering the orders in hand and expected orders during the said period. The projected revenue is expected to reach around ₹ 20,000 lakhs in FY2025. These forecasts reflect the Company's proactive strategies aimed at expanding its operations and increasing its market presence.

The company already has an existing order book of ₹4,642 lakhs as of July 15, 2024. The break-up of existing order book is as under as on July 15, 2024:

Particulars	Rs. in lakhs
Hearing aids	3,723
LED Display systems	919
Total	4,642

Further, the break-up of order which is already own by the Company but in process of documentation as on July 15, 2024:

Particulars	Rs. in lakhs
Hearing aids	6,583
LED Display systems	800
Total	7,378

Justification for increase/ decrease in working capital requirement for the Fy2020-21, FY2021-22, FY 2022-23 and estimated period:

The Company existing capacity and growth in the capacity utilization over the period from FY2021 till FY2024, demonstrate our growing operations as under:

Financial Year	Hearing Aids			LED Display System		
	Installed Capacity (in Units PA)	Utilized Capacity (in Units PA)	Percentage of utilization (%)	Installed Capacity (in SQFPA)	Utilized Capacity (in SQFTPA)	Percentage of utilization (%)
2020-21	4,00,000	97,637	24.41	15,000	3,700	24.67
2021-22	4,00,000	42,380	10.60	15,000	4,900	32.67
2022-23	4,00,000	1,14,298	28.57	15,000	6,200	41.33
December 31, 2023	3,00,000	95,186	31.73	11,250	5,025	44.67

The substantial working capital requirement, increasing from Rs. 484.99 lakhs in FY2021 to Rs. 585.48 lakhs in the FY2022 is attributed to post Covid-19 revival of economy. The Company has faced extreme financial challenges due to complete shutdown of economy in FY2021. China was the source of the Covid 19, and our dependence on China for import of raw material significantly impacted Company's LED display system production. However, the Company has been able to achieve higher production in Hearing Aids which supported operations during the tough time and led growth in turnover. The overall slowdown has impacted working capital cycle which is reflected in debtors cycle and inventory holding period which increased from 45 and 25 in FY2021 to 63 and 57 in FY2022.

The substantial working capital requirement, increasing from Rs. 585.48 lakhs in FY2022 to Rs. 2,293.94 lakhs in FY2023 is attributed to post Covid-19 revival of economy. The Company has been able to achieve higher production of both the products as disclosed in the above capacity utilisation table. The capacity utilisation increased from 10.60% to 28.57% for LED display and from 32.67% to 41.33% for Hearing Aids in FY2023 as against FY2022. This has led to strong operational and financial performance of the Company in FY2023. The overall increase in operational performance led to increase in working capital requirement.

The working capital requirement during the period ended December 31, 2023, were increased from Rs.2,293.94 lakhs in FY2023 to Rs.3,240.69 lakhs for the period ended December 31, 2023. The increase in the working capital requirement is attributed to higher production and capacity utilisation as disclosed above. The capacity utilisation increased from 28.57% to 31.73% for LED display and from 41.33% to 44.67% for Hearing Aids during the period ended December 31, 2023 as against FY2023. This has led to strong operational and financial performance of the Company during the period ended December 31, 2023. The overall increase in operational performance led to increase in working capital requirement. The increase in the Company's production during this period led to corresponding boost in turnover from Rs. 8,188.68 lakhs to Rs.10,606.56 lakhs.

This surge in turnover had direct impact on the company's working capital requirements due to specific changes in the following areas:

- **Outstanding Receivables:** The rise in volume of sales, which in turn necessitated an increase in outstanding receivables. As the company offered longer credit period to its customers, funds became locked in pending invoices, resulting in an expansion of the working capital needed.

- **Inventories:** Similar to reasons specify for increase in trade receivable, owing to the Company's expectation of higher production, it is expected that substantial amount of inventory for stock of finish goods and raw materials will be kept in stock. This strategic approach aligns with our goal of sustaining growth while efficiently managing inventory levels to meet project demands effectively.
- **Payment to Suppliers:** Over the past few years, there was an increase in the payment cycle to vendors. This leads to an increase in trade payables leading to a lesser working capital requirement. For example, our Company maintained holding level of trade payable at 77 days in 2022-23 and 135 days during the period ended December 31, 2023. The holding levels are expected to reduce to 55 days for FY2024 and 65 days for FY2025, resulting in an expansion of the working capital needed. Primarily, quicker settlements enable us to leverage cash discounts from suppliers, enhancing our profitability. Additionally, prompt payments empower us to negotiate more favourable terms and prices, fostering stronger supplier relations and bolstering our bottom line. Furthermore, many of our purchases rely on imported supplies, often necessitating advance payments. Timely settlements not only solidify our long-term relationships with suppliers but also ensure the continuity of our supply chain. By shortening our payables cycle, we're not only improving financial stability but also fortifying relationships with suppliers and securing advantageous deals for our company's growth.

BASIS FOR ISSUE PRICE

Qualitative Factors

- Specialized LED display system and hearing aids manufacturer with long standing market presence.

COMPARISON OF ACCOUNTING RATIOS WITH LISTED INDUSTRY PEERS

There are no listed companies in India that are comparable in all aspects of business and products that we offer. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

SECTION V – ABOUT THE COMPANY

OUR BUSINESS

Overview

Osel is driven by a passion for innovation and a commitment to excellence. As a provider of technology solutions, Osel specializes in creating transformative products that empower individuals, businesses, and communities to thrive in a rapidly evolving digital world. Our Company manufactures a comprehensive range of LED display systems and the latest hearing aids, including all major components, at our ultra-modern plant. Osel's manufacturing plant in Greater Noida was inaugurated by Ex-Union Minister Shri Pratap Sarangi.

OUR STRENGTHS

- *Specialized LED display system and hearing aids manufacturer with long standing market presence*

Raw Material procurement

A break up of purchase undertaken domestically and internationally, during the preceding three Fiscals and the nine month period ended December 31, 2023, has been provided below:

Particulars	December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ in lakhs)	Percentage (%)	Amount (₹ in lakhs)	Percentage (%)	Amount (₹ in lakhs)	Percentage (%)	Amount (₹ in lakhs)	Percentage (%)
Domestic Purchase	3,840.57	42.23	572.24	7.67	2,928.59	46.34	3,356.86	65.53
Imports	5,253.20	57.77	6,885.01	92.33	3,390.94	53.66	1,766.57	34.47

Description of our Products and its usages:

Transparent LED Solutions:

Transparent LED displays are a technology ideal for creating stunning visual effects while maintaining visibility through the display. This can be indoor as well as outdoor. These displays are particularly suited for retail, corporate, and architectural applications. Brightness (usually 1000-5000 nits) ensures visibility in different lighting conditions, including direct sunlight.

Research and Development

Digital Hearing Aid

1. Specification Definition

Objective: Define the key specifications and requirements for the hearing aid.

Research Areas:

- **Target Audience:**
 - **Demographic Analysis:** Study the age, lifestyle, and hearing loss prevalence in the target population.
 - **Audiometric Profiles:** Collect data on common audiometric configurations (audiograms) to tailor the hearing aid's frequency response.
- **Types of Hearing Loss:**
 - **Conductive, Sensorineural, Mixed:** Identify the typical frequency and intensity ranges affected by each type and their implications for amplification needs.
 - **Standards:** Refer to standards like ANSI/ASA S3.6-2018 for audiometric measurements.
- **Form Factor:**
 - **Design Considerations:** Evaluate BTE, ITE, and ITC designs for ergonomics, aesthetics, and user comfort.
 - **Standards:** Ensure compliance with IEC 60118-0:2015 for hearing aid dimensions and fitting ranges.
- **Battery Life:**
 - **Technologies:** Research zinc-air, lithium-ion, and silver-zinc batteries.
 - **Performance Metrics:** Define target battery life (e.g., 18 hours per charge) and recharge cycles.
 - **Standards:** Follow IEC 60086-4 for primary batteries.

2. Component Selection

Objective: Choose the appropriate components for the hearing aid.

Research Areas:

- **Microphones:**
 - **Types:** Study omnidirectional vs. directional microphones for noise reduction.
 - **Performance Metrics:** Evaluate sensitivity, SNR (Signal-to-Noise Ratio), and frequency response.
 - **Standards:** IEC 61672-1 for performance specifications of microphones.
- **Receivers (Speakers):**
 - **Types:** Research balanced armature vs. dynamic drivers.
 - **Performance Metrics:** Evaluate frequency response, THD (Total Harmonic Distortion), and impedance.
 - **Standards:** IEC 60268-7 for headphone and earphone performance.
- **Amplifiers:**
 - **Types:** Evaluate Class D amplifiers for efficiency.
 - **Performance Metrics:** Gain, THD, and power consumption.
 - **Standards:** IEC 60268-3 for sound system amplifiers.
- **DSP (Digital Signal Processor) Chips:**
 - **Capabilities:** Noise reduction, feedback cancellation, adaptive gain control.
 - **Performance Metrics:** MIPS (Million Instructions Per Second), power consumption.
 - **Standards:** IEC 61606 for digital audio performance.
- **Bluetooth Modules:**
 - **Performance Metrics:** Range, data rate, power consumption.
 - **Standards:** Bluetooth SIG standards for interoperability.
- **Batteries:**
 - **Performance Metrics:** Capacity (mAh), voltage stability, recharge cycles.
 - **Standards:** IEC 61960 for secondary lithium batteries.
- **Connectors:**
 - **Types:** Evaluate pogo pin vs. snap-in connectors.
 - **Performance Metrics:** Contact resistance, durability (mating cycles).
 - **Standards:** IEC 60512 for electrical connector testing.

3. Schematic Design

Objective: Develop detailed schematics including all components and their interconnections.

Research Areas:

- **Power Supply:**
 - **Design Considerations:** Efficiency, voltage regulation, and noise suppression.
 - **Standards:** IEC 62368-1 for safety requirements.
- **Signal Processing:**
 - **Pathways:** Ensure low-noise routing and proper impedance matching.
 - **Standards:** IEEE 1241 for analog-to-digital converters.
- **Audio Pathways:**
 - **Design Considerations:** Minimize crosstalk and electromagnetic interference (EMI).
 - **Standards:** IEC 60268-1 for sound system equipment.

4. PCB Layout

Objective: Design the PCB with a focus on compactness and performance.

Research Areas:

- **Compactness:**
 - **Design Techniques:** Use multi-layer PCBs, high-density interconnects (HDI).
 - **Standards:** IPC-2221 for generic PCB design.
- **Trace Routing:**
 - **Design Considerations:** Differential pair routing, controlled impedance.
 - **Standards:** IPC-2141 for controlled impedance PCB design.
- **Thermal Management:**
 - **Techniques:** Use of thermal vias, heat sinks.
 - **Standards:** IPC-9592 for power conversion devices.
- **Signal Integrity:**
 - **Design Considerations:** Avoidance of signal reflection, proper grounding.

- **Standards:** IEEE 1058 for signal integrity.

5. Prototype Development

Objective: Manufacture a small batch of prototypes for initial testing.

Research Areas:

- **Mechanical Design:**
 - **Alignment:** Ensure mechanical design aligns with electronic component layout.
 - **Standards:** ISO 10993 for biocompatibility testing.
- **Manufacturing Processes:**
 - **Techniques:** SMD (Surface-Mount Device) assembly, automated optical inspection (AOI).
 - **Standards:** IPC-A-610 for electronic assembly.

6. Testing and Iteration

Objective: Perform comprehensive testing and iterate on the design based on feedback.

Research Areas:

- **Sound Quality:**
 - **Testing Methods:** Use anechoic chambers, real-ear measurement systems.
 - **Standards:** IEC 60118-7 for measurement of performance characteristics.
- **Battery Life:**
 - **Testing Methods:** Simulate various usage scenarios, measure discharge curves.
 - **Standards:** IEC 61960 for secondary battery testing.
- **Wireless Connectivity:**
 - **Testing Methods:** Range tests, interference tests.
 - **Standards:** Bluetooth SIG test specifications.
- **Durability:**
 - **Testing Methods:** Environmental testing (humidity, temperature), mechanical stress testing.
 - **Standards:** IEC 60068 for environmental testing.
- **User Feedback:**
 - **Methods:** Surveys, usability studies, focus groups.
 - **Analysis:** Statistical analysis of feedback for design improvement.

LED Module

1. Specification Definition

Objective: Define the key specifications and requirements for the LED module.

Research Areas:

- **Pixel Pitch:**
 - **Definition:** Distance between the centers of two adjacent pixels.
 - **Application Needs:** Determine pixel pitch based on the intended viewing distance and application (e.g., indoor vs. outdoor).
- **Resolution:**
 - **Definition:** Total number of pixels in the module, affecting display clarity.
 - **Standards:** Refer to standards like DCI-P3 for digital cinema and display resolution.
- **Brightness:**
 - **Measurement Units:** Measured in nits (cd/m²).
 - **Requirements:** Define brightness levels suitable for indoor and outdoor visibility.
 - **Standards:** Ensure compliance with IEC 62471 for photobiological safety.
- **Color Accuracy:**
 - **Measurement Units:** Color gamut coverage (e.g., sRGB, Adobe RGB).
 - **Requirements:** Define color accuracy based on application needs.
 - **Standards:** ISO 11664-1 for colorimetry.
- **Refresh Rate:**
 - **Measurement Units:** Measured in Hz.
 - **Requirements:** Determine the necessary refresh rate for smooth video playback.
 - **Standards:** Compliance with VESA display standards.
- **Power Consumption:**
 - **Measurement Units:** Measured in watts.

- **Requirements:** Define maximum power consumption based on module size and brightness.

2. Component Selection

Objective: Choose the appropriate components for the LED module.

Research Areas:

- **LEDs:**
 - **Types:** Evaluate SMD (Surface-Mount Device) vs. COB (Chip on Board) LEDs.
 - **Performance Metrics:** Luminous efficacy, color rendering index (CRI), lifespan.
 - **Standards:** IEC 60825 for LED safety.
- **Driving ICs:**
 - **Types:** Research constant current vs. constant voltage driving ICs.
 - **Performance Metrics:** Efficiency, PWM (Pulse Width Modulation) frequency, thermal performance.
 - **Standards:** JEDEC standards for IC reliability.
- **Power Supplies:**
 - **Types:** Evaluate AC-DC converters, DC-DC converters.
 - **Performance Metrics:** Efficiency, ripple voltage, protection features.
 - **Standards:** IEC 62368-1 for power supply safety.
- **Connectors:**
 - **Types:** Research suitable connectors for power, data, and signal transmission.
 - **Performance Metrics:** Contact resistance, current rating, durability.
 - **Standards:** IEC 60512 for connector testing.

3. Schematic Design

Objective: Develop detailed schematics including all components and their interconnections.

Research Areas:

- **Power Supply:**
 - **Design Considerations:** Efficient power distribution, voltage regulation.
 - **Standards:** IEC 62368-1 for power supply safety.
- **Signal Routing:**
 - **Pathways:** Define clear pathways for data and control signals to minimize noise and interference.
 - **Standards:** IEEE 1241 for analog-to-digital converters.
- **Thermal Management:**
 - **Design Considerations:** Implement components such as heat sinks and thermal vias.
 - **Standards:** IEC 60068 for environmental testing.

4. PCB Layout

Objective: Design the PCB with a focus on performance and reliability.

Research Areas:

- **Trace Routing:**
 - **Design Considerations:** Proper trace width and spacing to handle current load.
 - **Standards:** IPC-2221 for generic PCB design.
- **Thermal Management:**
 - **Techniques:** Use of thermal vias, heat sinks, and thermal pads.
 - **Standards:** IPC-9592 for power conversion devices.
- **Signal Integrity:**
 - **Design Considerations:** Minimize signal reflections, proper grounding.
 - **Standards:** IEEE 1058 for signal integrity.
- **Compactness:**
 - **Design Techniques:** Multi-layer PCB design to reduce size.
 - **Standards:** IPC-2221 for high-density PCB design.

5. Prototype Development

Objective: Manufacture a small batch of prototypes for initial testing.

Research Areas:

- **Manufacturing Processes:**
 - **Techniques:** SMD assembly, automated optical inspection (AOI).
 - **Standards:** IPC-A-610 for electronic assembly quality.
- **Mechanical Alignment:**

- **Alignment:** Ensure mechanical design aligns with electronic component layout.
- **Standards:** ISO 10993 for biocompatibility testing if applicable.

6. Testing and Iteration

Objective: Perform rigorous testing and iterate on the design based on feedback and test results.

Research Areas:

- **Electrical Testing:**
 - **Methods:** Continuity tests, power consumption measurement, signal integrity tests.
 - **Standards:** IEC 61000 for EMC testing.
- **Optical Testing:**
 - **Methods:** Brightness, color accuracy, uniformity tests.
 - **Standards:** CIE 1931 for colorimetry.
- **Thermal Testing:**
 - **Methods:** Thermal imaging, temperature cycling tests.
 - **Standards:** IEC 60068 for thermal testing.
- **Durability Testing:**
 - **Methods:** Mechanical stress tests, environmental tests (humidity, temperature).
 - **Standards:** IEC 60068 for environmental testing.
- **User Feedback:**
 - **Methods:** Surveys, focus groups, field testing.
 - **Analysis:** Statistical analysis of feedback for design improvement.

SWOT ANALYSIS	
<p>Strengths</p> <ul style="list-style-type: none"> • Manufacturing plant equipped with latest machineries and technology to design, manufacture and assemble our products • Experienced and technically advanced manpower • Established relationships with our clients reflected by repeated orders. • Strong brand recognition and reputation for excellence in manufacturing of customized products. • Strong relationship with international suppliers of raw materials. • Well-equipped R&D and quality control process 	<p>Weakness</p> <ul style="list-style-type: none"> • Dependence on a small pool of key personnel • Limited financial resources, which may hinder the ability to invest in new technologies or talent • Limited marketing resources, which can make it difficult to compete with larger players with greater marketing budgets • Dependence on import of raw materials
<p>Opportunities</p> <ul style="list-style-type: none"> • Government initiative and focus on digital India • Conversion of static OOH to digital DOOH for advertisement industry • Increasing demand for digital signages • 6.3% of population suffering from hearing loss needing hearing aids. • Significant opportunity for domestic manufacturer of hearing aids having low cost. 	<p>Threats</p> <ul style="list-style-type: none"> • Intense competition from large players • Rapidly evolving technology, which requires continuous investment to stay competitive • High import of raw materials from China • Regulatory changes or legal challenges, which can impact the ability to distribute content or access certain markets

Land and Property

Our company does not own any freehold property as on the date of this DRHP.

Further, we carry out our business operations from leasehold properties, details of which are as under:

Sr. no.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
1.	Lease deed dated January 17, 2019 with Wegmans Industries Private Limited	Signature Tower, 1st Floor Plot No 3, Sector Knowledge Park-III, Sector 34, Gautam Buddha Nagar, Noida – 201 307, Uttar Pradesh, India	Rs. 4,89,886 per month exclusive of GST	10 years	Corporate Office and Manufacturing facility

SECTION VI – FINANCIAL INFORMATION

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

BUSINESS OVERVIEW

Osel is driven by a passion for innovation and a commitment to excellence. As a provider of technology solutions, Osel specialize in creating transformative products that empower individuals, businesses, and communities to thrive in a rapidly evolving digital world. Our Company manufacture a comprehensive range of LED display systems and the latest hearing aids, including all major components, at our ultra-modern plant. Osel manufacturing plant in Greater Noida was inaugurated by Union Minister Shri Pratap Sarangi.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “*Risk Factor*” beginning on page **Error! Bookmark not defined.** of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Our commercial success is largely dependent upon our ability to develop and design innovative products suitable for the requirements of our customers. Our inability to effectively utilize and manage our ability to develop and design innovative products would impact our business, revenue and profitability.
- Our Company is reliant on the demand from the healthcare industry for a significant portion of our revenue. Any downturn in the healthcare industry or an inability to increase or effectively manage our sales could have an adverse impact on our Company’s business and results of operations.
- The commercial success of our products depends to a large extent on the success of the products of our end use customers. If the demand for the end use products in which our products are used as a raw materials declines, it could have a material adverse effect on our business, financial condition and results of operations.
- We depend on a few customers of our products, for a significant portion of our revenue, and any decrease in revenues or sales from any one of our key customers may adversely affect our business and results of operations.
- We import majority of our raw materials from China. Any inability to pass on increased price of the key raw materials, used for manufacturing our products may affect our profitability.
- Our Group Company is engaged in a similar line of business as our Company and may compete with us.
- We also provide our products to various public sector units and undertakings which exposes us to risks inherent in doing business with them and may adversely affect our business, results of operations and financial condition.
- Any failure in our quality control processes may adversely affect our business, results of operations and financial condition. We may face product liability claims and legal proceedings if the quality of our products does not meet our customers’ expectations.
- We are dependent on information technology systems in carrying out our business activities and it forms an integral part of our business. Further, if we are unable to adapt to technological changes and successfully implement new technologies or if we face failure of our information technology systems, we may not be able to compete effectively which may result in higher costs and would adversely affect our business and results of operations.
- If we are not able to obtain, renew or maintain our statutory and regulatory licenses, registrations and approvals required to operate our business, it may have a material adverse effect on our business, results of operations and financial condition.
- Our Company is subject to foreign exchange control regulations which can pose a risk of currency fluctuations.
- Any change in government policies resulting in increases in taxes payable by us may have a material adverse effect on our business, results of operations and financial condition.
- Other factors beyond our control

Reason for growth in PAT margin in FY2023 and stub period ended December 31, 2023

During the period ended December 31, 2023, the Company has manufactured 5,025 sq.ft. of LED display and 95,186 hearing aids as against 4,650 sq.ft. of LED displays and 85,723 hearing aids for the corresponding period ended during previous year. The Company has also achieved better price relation during the period ended December 31, 2023 as compared to previous year. This has resulted in increased revenue. Further, the cost of purchase of raw materials for the period ended December 31, 2023 were decreased to 85.68% of the revenue as against 90.99% of the revenue of fiscal 2023. This has resulted in increased revenue and profitability.

SECTION VII – LEGAL AND OTHER INFORMATION

GOVERNMENT AND OTHER STATUTORY APPROVALS

Tax Related Approvals

The details of the GST registration obtained by our Company has been provided below:

S. No.	Registration Number	State	Date of Issue	Current Status
1.	07AABCI5511N1ZI	Delhi	February 29, 2024	Active
2.	09AABCI5511N1ZE	Uttar Pradesh	September 3, 2021	Active
3.	29AABCI5511N1ZC	Karnataka	July 9, 2020	Suspended upon surrender
