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SUDARSHAN PHARMA INDUSTRIES LIMITED



Corporate Identification Number: U51496MH2008PLC184997

Our Company was originally incorporated on July 23, 2008 as a Private Limited Company as "Sudarshan Speciality Chemicals Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Mumbai. Later in the year 2016, the name of the company was changed from "Sudarshan Speciality Chemicals Private Limited" to "Sudarshan Pharma Industries Private Limited" under the Companies Act, 2013 pursuant to a special resolution passed by our shareholders at the EGM held on November 25, 2016 and vide certificate of incorporation dated December 17, 2016 issued by the Registrar of Companies, Mumbai. Subsequently, pursuant to a Special Resolution of our Shareholders passed in the Extra-Ordinary General Meeting held on December 12, 2016, Our Company was converted from a Private Limited Company to Public Limited Company and consequently, the name of our Company was changed to "Sudarshan Pharma Industries Limited" and a Fresh Certificate of Incorporation consequent to Conversion was issued on January 05, 2017 by the Registrar of Companies, Mumbai. The Corporate Identification Number of our Company is U51496MH2008PLC184997. For further Details of Incorporation and Change in Registered Office of our Company, please refer to section titled "Our History and Certain Other Corporate Matters" beginning on page 147 of the Red Herring Prospectus.

Registered office: 301,3rd Floor, Aura Biplax, Above Kalyan Jewellers S. V. Road, Borivali (West) Mumbai City Maharashtra 400092 India.

Contact Person: Mr. Hemal Vasantrai Mehta, Managing Director;

Email Id: compliance@sudarshanpharma.com | Tel No: 022- 022- 42221111

OUR PROMOTERS: MR. HEMAL VASANTRAI MEHTA & MR. SACHIN VASANTRAI MEHTA

THE ISSUE

PUBLIC ISSUE OF UPTO 68,62,400 EQUITY SHARES OF FACE VALUE OF ₹ 10.00 EACH ("EQUITY SHARES") OF SUDARSHAN PHARMA INDUSTRIES LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING TO ₹ [●] LAKHS ("THE ISSUE") OF WHICH UPTO 3,44,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. NET ISSUE OF UPTO 65,18,400 EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS (THE "NET ISSUE"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 28.52% AND 27.09% RESPECTIVELY OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- QIB PORTION: NOT MORE THAN 50.00% OF THE NET ISSUE
- RETAIL PORTION: NOT LESS THAN 35.00% OF THE NET ISSUE
- NON-INSTITUTIONAL PORTION: NOT LESS THAN 15.00% OF THE NET ISSUE
- MARKET MAKER PORTION: UPTO 3,44,000 EQUITY SHARES OR 5.01% OF THE ISSUE

PRICE BAND: ₹ 71.00 TO ₹ 73.00 PER EQUITY SHARE OF FACE VALUE ₹ 10.00 EACH

THE FLOOR PRICE IS 7.1 TIMES OF THE FACE VALUE AND

THE CAP PRICE IS 7.3 TIMES OF THE FACE VALUE OF THE EQUITY SHARES

BIDS CAN BE MADE FOR A MINIMUM OF 1,600 EQUITY SHARES AND IN MULTIPLES OF 1,600 EQUITY SHARES THEREAFTER

RISKS TO INVESTORS:

- Our Registered Office from where we operate is not owned by us. Our Company has been occupying the Registered Office located at Borivali, Mumbai, on leave and license basis through a Leave and License Agreement dated March 06, 2021 entered into by our Company with our Promoter Mr. Hemal Vasantrai Mehta, for a period of four years commencing from January 01, 2021. Our Company has been various warehouses on lease basis, the details of the said agreements are mentioned under section titled Our Properties under the chapter titled "Our Business" beginning on page 118 of this Red Herring Prospectus.
- Average cost of acquisition of Equity Shares held by the Promoter Mr. Sachin Vasantrai Mehta and Mr. Hemal Vasantrai Mehta is ₹14.08 and ₹6.76 per Equity Share and the Issue Price at the upper end of the Price Band is ₹73.00 per Equity Share.
- The Price/ Earnings ratio based on Basic & Diluted EPS for period ended Fiscal 2022 for the company at the upper end of the Price Band is 21.28.
- Weighted Average Return on Net worth for Fiscals 2022, 2021 and, 2020 is 13.93%.

BASIS FOR ISSUE PRICE

The Price Band has been determined by our Company in consultation with the BRLM, and the Issue Price will be determined by our Company in consultation with the BRLM, on the basis of the Book Building Process and the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each, the Issue Price is 7.1 times the face value at the lower end of the Price Band, and 7.3 times the face value at the higher end of the Price Band. Investors should refer to "Risk Factors", "Our Business", "Restated Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 27, 119, 179, 180, respectively of the Red Herring Prospectus, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue Price are:

- > We are venturing into API manufacturing
- > Focused on increasing our global sales
- > Increasing Operational efficiency
- > Broaden and Deepen Presence in the existing product portfolio.

For further details, please refer chapters titled "Risk Factors" and "Our Business" beginning on Page Nos. 27 and 119, respectively.

Quantitative Factors

The information presented below relating to our Company has been derived from the Restated Financial Statements of our Company. For further details, see "Financial Information of the Company" beginning on page 179 of the Red Herring Prospectus.

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

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

As per Restated Financial Statements (Post-Bonus):

Sr. No	Period	Basic & Diluted (₹)	Weights
1.	March 31, 2020	1.34	1
2.	March 31, 2021	2.80	2
3.	March 31, 2022	5.52	3
	Weighted Average	3.92	
	For the Period from April 01, 2022 to September 30, 2022 (Not annualized)	7.37	

Notes:

1. The ratios have been computed as below:

Basic Earnings per Share (₹) = $\frac{\text{Net profit/ (loss) as restated, attributable to Equity Shareholders}}{\text{Weighted average number of Equity Shares outstanding during the year/period}}$

Diluted Earnings per Share (₹) = $\frac{\text{Net profit/ (loss) as restated, attributable to Equity Shareholders}}{\text{Weighted average number of Diluted Equity Shares outstanding during the year/period}}$

2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ 71 to ₹ 73 per Equity Share of Face Value of ₹10/- each fully paid up:

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
Based on Basic and Diluted EPS	20.70	21.28
Based on Weighted Average EPS	18.13	18.64

3. Industry Peer Group PE Ratio

Based on the peer group information (excluding our Company) given below in this section, the highest P/E ratio is 89.11, the lowest P/E ratio is 63.68 and the average P/E ratio is 76.40

4. Average Return on Return on Net worth (RoNW)*

Sr. No	Period	RoNW (%)	Weights
1.	March 31, 2020	6.43	1
2.	March 31, 2021	11.87	2

3.	March 31, 2022	17.81	3
	Weighted Average	13.93%	
	For the Period from April 01, 2022 to September 30, 2022 (Not annualized)	7.06%	

Notes: Return on Net worth has been calculated as per the following formula:

RoNW = $\frac{\text{Net profit/loss after tax, as restated}}{\text{Net worth excluding revaluation reserve}}$

Net worth is computed as the sum of the aggregate of paid up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account. It may be noted that equity component of financial instruments is excluded while calculating Net worth of the Company.

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

Sr. No	Particulars	NAV per Share (₹)
1.	As on March 31, 2020	12.98
2.	As on March 31, 2021	14.73
3.	As on March 31, 2022	19.23
4.	For the Period from April 01, 2022 to September 30, 2022 (Not annualized)	33.00
5.	NAV per Equity Share after the Issue at Floor Price	40.08
6.	NAV per Equity Share after the Issue at Cap Price	40.65
7.	Issue Price	[●]

Notes:

a) Net Asset Value has been calculated as per the following formula:

b) NAV = $\frac{\text{Net worth excluding preference share capital and revaluation reserve}}{\text{Outstanding number of Equity shares at the end of the year/period}}$

c) Net worth is computed as the sum of the aggregate of paid up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account. It may be noted that equity component of financial instruments is excluded while calculating Net worth of the Company.

6. Comparison of Accounting Ratios with Industry Peers:

Following is the comparison with our peer group companies listed in India:

Particulars	CMP*	EPS (₹)	PE Ratio	RoNW (%)	NAV (₹)	Face Value (₹)	Revenue from Operations (₹ in Lakh)
Sudarshan Pharma Industries Limited	[●]	5.38	[●]	17.63%	30.54	10.00	35,547.44
Peer Group **							
ERIS Lifesciences Limited	626.45	7.03	89.11	21.75%	141.14	10.00	28,214.00
Sigachi Industries Limited	260.45	4.02	64.79	16.73%	73.96	10.00	7,087.00
Aarti Drugs Limited	364.20	5.72	63.68	19.78%	104.99	10.00	55,120.00

* CMP for our Company is considered as Price Band of ₹71.00 to ₹ 73.00.

** Source: www.bseindia.com.

7. The Issue price is [●] times of the face value of the Equity Shares.

The Issue Price of ₹ [●] has been determined by our Company in consultation with the BRLM, on the basis of demand from investors for Equity Shares 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", and "Financial Statements" on pages 27, 119, 179, respectively of the Red Herring Prospectus, 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.

For further details, please see the chapter titled "Basis for Issue Price" beginning on page 100 of the RHP.

BID / ISSUE PROGRAM

ANCHOR INVESTOR BIDDING DATE⁽¹⁾: WEDNESDAY, MARCH 08, 2023

BID/ISSUE OPENS ON: THURSDAY, MARCH 09, 2023

BID/ISSUE CLOSES ON: TUESDAY, MARCH 14, 2023

⁽¹⁾ Our Company in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid / Issue Opening Date in accordance with the SEBI / ICDR Regulations.

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