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ENVIROTECH SYSTEMS LIMITED

CORPORATE IDENTITY NUMBERS: U31101DL2007PLC159075

Our Company was originally incorporated as "Envirotech Gensets Private Limited" as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated February 09, 2007, issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Pursuant to a special resolution passed by our Shareholders in the Extra-Ordinary General Meeting held on June 01, 2009, the name of our Company was changed to "Envirotech Systems Private Limited" and a fresh certificate of incorporation dated June 10, 2009 was issued to our Company by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Subsequently, pursuant to a special resolution passed by our Shareholders in the Extra-Ordinary General Meeting held on May 04, 2022, our Company was converted from a private limited company to public limited company and consequently, the name of our Company was changed to "Envirotech Systems Limited" and a fresh certificate of incorporation dated June 03rd, 2022 was issued to our Company by the Registrar of Companies, NCT of Delhi and Haryana. The Corporate Identification Number of our Company is U31101DL2007PLC159075. For details of change in registered office of our Company, please refer to chapter titled "History and Corporate Structure" beginning on page no. 142 of this Red Herring Prospectus.

Registered Office: A-29, Block-A, Shyam Vihar Phase-I, Delhi, India, 110043
 Corporate Office: B1A 19 1st Floor, Sec 51 Noida, Uttar Pradesh, India, 201301
 Website: www.envirotechltd.com; E-Mail: cs@envirotechltd.com; Telephone No: 0120-4337633 / 4337439,
 Company Secretary and Compliance Officer: Ms. Pallvi Sharma

PROMOTERS: MR. MANOJ KUMAR GUPTA AND MS. SINDHU GUPTA

THE ISSUE

INITIAL PUBLIC ISSUE OF UPTO 54,00,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF ENVIROTECH SYSTEMS LIMITED ("ESL" OR "OUR COMPANY") FOR CASH AT A PRICE OF [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF [•] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO [•] LAKHS, OF WHICH 7,02,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF [•] AGGREGATING TO [•] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION") AND NET ISSUE TO PUBLIC OF 46,98,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF [•] AGGREGATING TO [•] LAKHS (HEREINAFTER REFERRED TO AS THE "NET ISSUE") THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 28.74 % AND 25.00 % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

ALLOCATION OF THE ISSUE

QIB PORTION (EXCLUDING ANCHOR INVESTOR)	NOT MORE THAN 50% OF THE NET ISSUE I.E. 9,40,000 EQUITY SHARES
ANCHOR INVESTOR PORTION	NOT MORE THAN 14,06,000 EQUITY SHARES
RETAIL PORTION	NOT LESS THAN 35% OF THE NET ISSUE I.E. 16,46,000 EQUITY SHARES
NON-INSTITUTIONAL PORTION	NOT LESS THAN 15% OF THE NET ISSUE I.E. 7,06,000 EQUITY SHARES
MARKET MAKER PORTION	7,02,000 EQUITY SHARES 13% OF THE ISSUE SIZE

PRICE BAND: ₹ 53/- TO ₹ 56/- PER EQUITY SHARE

THE FLOOR PRICE IS 5.3 TIMES THE FACE VALUE AND CAP PRICE IS 5.6 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.
 BIDS CAN BE MADE FOR A MINIMUM OF 2000 EQUITY SHARES AND IN MULTIPLES OF 2000 EQUITY SHARES THEREAFTER.

THIS ISSUE IS BEING MADE THROUGH BOOK BUILDING PROCESS, IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI (ICDR) REGULATIONS"), AS AMENDED READ WITH RULE 19(2)(B) OF SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED.

FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "ISSUE PROCEDURE" BEGINNING ON PAGE 267 OF THE RED HERRING PROSPECTUS. A COPY OF THE RED HERRING PROSPECTUS IS BE DELIVERED FOR REGISTRATION TO THE REGISTRAR OF COMPANIES, DELHI AS REQUIRED UNDER SECTION 26 AND 32 OF THE COMPANIES ACT, 2013.

BID / ISSUE PROGRAM

ANCHOR BID OPENS ON SEPTEMBER 12TH, 2024

BID OFFER OPENS ON SEPTEMBER 13TH, 2024

BID OFFER CLOSES ON SEPTEMBER 17TH, 2024

ASBA*

Simple, safe, smart way of Application!!!!

*Applications supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account. For further details, check section on ASBA below.

Mandatory in Public issues. No cheque will be Accepted.



UPI - Now available in ASBA for Retail Individual Investors ("RII") **

Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI - Now available in ASBA for Retail Individual Bidders applying through Registered Brokers, DPs & RTA. Retail Individual Bidders also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account.

*ASBA has to be availed by all the investors except Anchor Investors (if any). UPI may be availed by RIIs.

For details on the ASBA and UPI process, please refer to the details given in ASBA Form and abridged prospectus and also please refer to the section "Issue Procedure" beginning on page 267 of the Red Herring Prospectus. The process is also available on the website of SEBI and Stock Exchanges in the General Information Document. ASBA Forms can be downloaded from the website of NSE ("Designated Stock Exchange") and can be obtained from the list of banks that is displaying on website of SEBI at www.sebi.gov.in.

** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. For the list of UPI Apps and Banks live on IPO, please refer to the link: www.sebi.gov.in. HDFC Bank Limited has been appointed as Sponsor Bank for the Issue in accordance with the requirements of the SEBI Circular dated November 1, 2018, as amended.

IN TERMS OF THE CIRCULAR NO. CIR/CFD/POLICYCELL/11/2015 DATED NOVEMBER 10, 2015, AND ALL POTENTIAL INVESTORS PARTICIPATE IN THE ISSUE ONLY THROUGH APPLICATION SUPPORTED BY BLOCKED AMOUNT (ASBA) PROCESS PROVIDING DETAILS ABOUT THE BANK ACCOUNT WHICH WILL BE BLOCKED BY THE SELF-CERTIFIED SYNDICATE BANKS (SCSB'S) FOR THE SAME. FURTHER PURSUANT TO CIRCULAR BEARING NO. SEBI/HO/CFD/DIL2/CIR/P/2019/76 DATED JUNE 28, 2019, FOR IMPLEMENTATION OF PHASE II FOR UPI FACILITY, WHICH IS EFFECTIVE FROM JULY 01, 2019. ALL POTENTIAL BIDDERS (EXCEPT ANCHOR INVESTORS) ARE REQUIRED TO MANDATORILY UTILIZE THE APPLICATION SUPPORTED BY BLOCKED AMOUNT (ASBA) PROCESS PROVIDING DETAILS OF THEIR RESPECTIVE ASBA ACCOUNT OR CORRESPONDING UPI ID (IN CASE OF RIIs), IN WHICH THE APPLICATION AMOUNTS WILL BE BLOCKED BY THE SCSBs OR UNDER THE UPI MECHANISM, AS APPLICABLE.

FOR MORE DETAILS IN THIS REGARD, SPECIFIC ATTENTION IS INVITED TO THE "ISSUE PROCEDURE" ON PAGE NO. 267 OF THE RED HERRING PROSPECTUS. IN CASE OF DELAY, IF ANY IN UNBLOCKING/REFUND THE FUND, OUR COMPANY SHALL PAY THE INTEREST ON THE APPLICATION MONEY AT THE RATE OF 15% PER ANNUM FOR THE PERIOD OF DELAY.

1) Basic & Diluted Earnings Per Share (EPS), as adjusted for change in capital:

Financial Year	Basic & Diluted EPS ₹ (Pre-Bonus)	Basic & Diluted EPS ₹ (Post-Bonus)	Weight
2023-24	128.41	8.54	3
2022-23	51.47	1.98	2
2021-22	21.15	0.81	1
Weighted Average EPS	84.89	5.06	

2) Return on Net worth (RONW):

Financial Year	Return on Net Worth (%)	Weight
2023-24	58.29%	3
2022-23	38.89%	2
2021-22	26.14%	1
Weighted Average (RONW)	46.47%	

3) Net Asset Value per Equity Share (Standalone basis)

As at	NAV per share ₹ (Pre-Bonus)	NAV per share ₹ (Post-Bonus)
March 31, 2024	220.29	14.64
March 31, 2023	132.35	5.09
March 31, 2022	80.88	3.11
NAV per Equity Share after the Issue	[•]	[•]
Issue Price	[•]	[•]

4) Comparison of Accounting Ratios with Industry peers: Nil

Key financial and operational performance indicators ("KPIs")

Our company considers that KPIs included herein below have a bearing for arriving at the basis for Offer Price. The KPIs disclosed below have been approved by a resolution of our Audit Committee dated August 13, 2024. Further, the KPIs herein have been certified by M/s. Vishal Surjit & Co. (Formerly known as Vishal Kaushal & Co.) Chartered Accountants vide their certificate dated July 05, 2024 having UDIN: 24079919BKESYY6850.

For further details of our key performance indicators, see Chapter "Basis of Issue Price" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 94 and 213 respectively. We have described and defined them, where applicable, in "Definitions and Abbreviations" section on page 01. Our Company confirms that it shall continue to disclose all the KPIs included in this section "Basis for Offer Price", on a periodic basis, at least once in a year (or for any lesser period as determined by the Board of our Company), for a duration that is at least the later of (i) one year after the listing date or period specified by SEBI; or (ii) till the utilization of the Net Proceeds. Any change in these KPIs, during the aforementioned period, will be explained by our Company as required under the SEBI ICDR Regulations.

Key metrics like growth, EBITDA Margin, PAT Margin and few balance sheet ratio are monitored on a periodic basis for evaluating the overall performance of our Company

KPI indicators

Key Financial Performance	FY2023-24	FY2022-23	FY2021-22
Revenue from operations ⁽¹⁾	4,623.98	2831.78	1810.65
EBITDA ⁽²⁾	1,660.09	405.72	196.48
EBITDA Margin ⁽³⁾	35.90%	14.33%	10.85%
PAT	1,142.88	257.34	105.73
PAT Margin ⁽⁴⁾	24.72%	9.09%	5.84%
Net Worth ⁽⁵⁾	1,960.62	661.73	404.40
RoE ⁽⁶⁾	58.29%	38.89%	26.14%
RoCE ⁽⁷⁾	62.43%	29.77%	27.39%

Notes:
⁽¹⁾ Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements
⁽²⁾ EBITDA is calculated as profit for the period / year, plus tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortization expenses reduced by other income.
⁽³⁾ EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
⁽⁴⁾ PAT Margin is calculated as PAT for the period/year divided by revenue from operations.
⁽⁵⁾ Net worth means the aggregate value of the paid-up share capital and reserves and surplus of the company.
⁽⁶⁾ Return on Equity is ratio of Profit after Tax and Average Shareholder Equity.
⁽⁷⁾ Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus non-current borrowings.

RISKS TO INVESTORS

- Our Company has reported certain negative cash flows from its operating activity, investing activity and financing activity, details of which are given below.
- We are highly dependent on our suppliers for uninterrupted procurement and sale of our traded goods. Any disruption of supply from such entities may affect our business operations
- Substantial portion of our revenues has been dependent upon our few customers. The loss of any one or more of our major clients would have a material adverse effect on our business operations and profitability.
- Envirotech Systems Limited faces a significant risk pertaining to the purchase of property from Oriental Trimex Limited. The property in question was pledged by Oriental Trimex Limited as collateral to secure a loan of approximately ₹37.25 crore from Edelweiss Asset Reconstruction Company Limited. As per the purchase agreement, Envirotech Systems Limited is obligated to make a payment of ₹ 2.75 crore to the seller by or before September 05, 2024 and 6.50 crore to Edelweiss directly.

The details of the Equity Shares held by our Promoters, which are locked in for a period of 3 years from the date of Allotment in the Offer are given below:

Name of the Promoter	No. of Equity shares	Face Value (in ₹)	Percentage of post-issue paid-up capital (%)	Lock in Period
Manoj Kumar Gupta	18,79,000	10	20%	3 Years
Sindhu Gupta	18,79,000	10	20%	3 Years
Total	37,58,000		20.00%	

In case of revision in the price band, the bid/issue period shall be extended for at least three (3) additional working days after such revision in the price band, subject to the bid/issue period not exceeding a total of ten (10) working days any revision in the price band, and the revised bid/issue period, if applicable shall be widely disseminated by notification to the Stock Exchange by issuing press release and by and also by indicating the change on the website of BRLMs and by intimation to Self-Certified Syndicate Banks (SCSB's), the sponsor banks and the designated intermediaries, as applicable. In case of force majeure, Banking strike or similar circumstances, the company may for the reason recorded in writing, extend the Bid/ Issue period by at least Three (3) additional working days subject to total bid / Issue period not exceeding Ten (10) working days.

The issue is being made in terms of Rule 19 (2)(b)(i) of the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of SEBI ICDR Regulations, the issue is being made for at least 25% of the post issue paid up Equity Share capital of our Company. The issue is being made through the Book Building Process wherein not more than 50% of the issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIB's" and such portion to the "QIB Portion") provided that our company may in consultation with the BRLMs may allocate upto 60% of the QIB portion to the Anchor Investor on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"). One third of the Anchor Investor Portion shall be reserved for the Domestic Mutual Funds, subject to valid bids being received from the domestic mutual funds at or above the Anchor Investor allocation price. Further, 5% of the QIB portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual funds only, and the remainder of the QIB portion shall be available for allocation on proportionate basis to all QIBs Bidders (other than Anchor Investors), including mutual funds, subject to valid bids being received at or above the issue price. Further, not less than 15% of the issue shall be available for allocation on proportionate basis to Non-Institutional Bidder and not less than 35% of the issue shall be available for allocation to the Retail Individual bidders in accordance with the SEBI ICDR Regulations subject to valid bids being received or above the issue price. All potential bidders, other than Anchor Investor, are required to mandatorily utilize the application supported by blocked amount ("ASBA") process providing details of their respective bank account (including UPI ID in case of RIIs) which will be blocked by SCSBs, or the bank account linked with the UPI ID, as applicable, to participate in the issue. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For Details, please see the section titled "Issue Procedure" on page 267 of the Red Herring Prospectus.

PROPOSED LISTING:

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the SME Platform of NSE Limited (NSE Emerge), in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. Our Company has received an In-Principle approval letter dated August 23rd, 2024 from SME platform of NSE for using its name in this offer document for listing of our shares on the SME Platform of NSE. For the purpose of this Issue, the Designated Stock Exchange will be the NSE Limited (NSE Emerge).

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"):

Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, the Offer Document was not filed with SEBI. In terms of the SEBI ICDR Regulations, SEBI shall not issue any observations on the Offer Document. Hence, there is no such specific disclaimer clause of SEBI. However, investors may refer to the entire "SEBI Disclaimer Clause" on 307 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF THE SME PLATFORM OF NSE:

It is to be distinctly understood that the permission given by NSE Limited ("NSE") should not in any way be deemed or construed that the contents of the Offer Documents or the price at which the equity shares are offered has been cleared, solicited or approved by NSE, nor does it certify the correctness, accuracy or completeness of any of the contents of the Prospectus. The investors are advised to refer to the Prospectus for the full text of the Disclaimer clause pertaining to NSE. The investors are advised to refer to the Offer Documents for the full text of the "Disclaimer Clause of the SME Platform of NSE" on page 248 of the Red Herring Prospectus.

RISK IN RELATION TO THE FIRST ISSUE:

This being the first public Issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10/- each and the offer price is [•] times of the face value of the equity shares. The Issue Price (determined and justified by our Company in consultation with the Book Running Lead Managers as stated in "Basis for Issue Price" on page 94 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.

Bidders/ Applicants should note that on the basis of PAN, DP ID and Client ID as provided in the bid cum application form, the Bidder/ Applicants may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic details of the Bidders/ Applicants as available on the records of the depositories. These Demographic details may be used, among other things, for or unblocking of ASBA account or for other correspondence related to an issue. Bidders/ Applicants are advised to update any changes to their demographic details as available in the records of the depository participants to ensure accuracy of records. Any delay resulting from failure to update the demographic details would be at the applicant's sole risk. Bidders/ Applicants should ensure that PAN, DP ID and the Client ID are correctly filled in the bid cum application form. The PAN, DP ID and the Client ID provided in the bid cum application form should match with the PAN, DP ID and the Client ID available in the depository database, otherwise the bid cum application form is liable to be rejected. Bidders/ Applicant should ensure that the beneficiary account provided in the Bid cum application form is active.

GENERAL RISK:

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have neither been recommended nor approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 22 of Red Herring Prospectus.