



WITHOUT PREJUDICE
CONFIDENTIAL AND PRIVILEGED

BY POST/EMAIL
August 14, 2024,

To,

Sarathi Capital Advisors Pvt. Ltd.
401, 4th Floor, Manek Plaza,
167, Vidyanagari Marg,
Kalina, Santacruz (E),
Mumbai, Maharashtra-400098.

Tel. No.: +91 22 2652 8671/ 72
Email: compliance@sarathiwm.in

Kind Attn: Mr. Taher Engineer, Compliance Officer

Reference : (1) Our complaint dated 23.05.2024
(2) Your Reply dated 31.05.2024
(3) Our 1st Rejoinder dated 03.06.2024
(4) Your reply dated 05.06.2024
(5) Our 2nd Rejoinder dated 07.06.2024
(6) Our Letter dated 20.06.2024
(7) Your Reply dated 25.06.2024
(8) Our 3rd Rejoinder dated 03.07.2024
(9) Your reply dated 10.07.2024
(10) Our 4th Rejoinder dated 16.07.2024
(11) Your reply dated 25.07.2024
(12) Our Letter dated 27.07.2024 addressed to SEBI
(13) Our 5th Rejoinder dated 30.07.2024
(14) Your replies dated 02.08.2024 & 07.08.2024

Dear Sir,

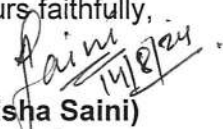
We are in receipt of your recent Replies dated 02.08.2024 & 07.08.2024. While relying upon and reiterating our previous communications addressed to you or "Stallion India Fluorochemicals Ltd" [hereinafter referred to as "STALLION"], we state that the contents of your reply dated 02.08.2024 and 07.08.2024 are based on false and unsubstantiated allegations levelled against 'Zhejiang Sanmei Chemical Industry Co., Ltd.' [hereinafter referred to as "SANMEI"]. We hereby, categorically deny and refute all statements and / or allegations which are contrary to and / or inconsistent with previous communications addressed by us to you or "STALLION". The contents of your present letter seems to be a mere repetition of the contents of your earlier correspondences which have been duly responded by us vide above referred correspondences whose receipt was duly accepted and acknowledged by you.

- 1) We repeat and reiterate that the allegations alleged by 'STALLION' which are being relied by you are false, frivolous and baseless and we categorically deny and refute all statements and allegations which are contrary thereto and / or inconsistent with our above referred correspondences.



- 2) In response to your reply dated 02.08.2024, we say that we neither accept the correctness nor the basis of any allegations or statements made therein. Regrettably, the contents and allegations contained therein are arbitrary, baseless and have been concocted based on mere surmises and conjectures in an attempt to illegally derive undue benefits by showing inflated profits in the books of accounts in the proposed initial public offering.
- 3) Subsequently, you addressed another reply dated 07.08.2024, wherein STALLION has now proposed to make amendment to disclose the "LIABILITY" towards SANMEI as "CONTINGENT LIABILITY" in its March 2024 financial statements. It clearly shows that STALLION has in a way admitted the irregularity previously made in the financial statements and further has acknowledged its liability towards SANMEI which STALLION had disputed previously.
- 4) **It is also significant to note here that STALLION has been repeatedly falsely claiming that the efforts are underway to resolve the dispute through negotiation and adherence of contractual terms, but in fact there have been no communication or efforts whatsoever from STALLION to resolve the matter and thus, the said statement is factually incorrect. Further, STALLION has adopted an evasive attitude throughout, which is evident from the fact that it took 02 (Two) years for them to respond to the Statutory Notice under IBC. It clearly shows that such false statement is being made in order to mislead the prospective investors.**
- 5) In any event, we have already escalated the matter to SEBI and requested them to take appropriate action, which SEBI may deem fit and proper in the facts and circumstances of the subject matter.
- 6) We are annexing herewith a comparative table as **Annexure "A"** along with Proposed Amended Disclosures, pointing out the improvisation of your stands in series of replies along with present replies dated 02.08.2024 and 07.08.2024 with respect to the accounting treatment of the transactions.
- 7) This communication is without prejudice to our rights and contentions in this matter and to any other remedy that 'SANMEI' may have in law or equity and they hereby reserve all the rights to pursue such remedies. 'SANMEI' is in the process of exploring all of its legal rights including but not limited to filing necessary legal proceedings.

Yours faithfully,


(Alisha Saini)
Advocate
For K & P Law Associates

Encl: As above

The accounting treatment by Stallion and the stand taken for the same by Sarthi for Write back of the Trade Payable under the head "Miscellaneous Non-Operating Income" during various communication date are:

Reply dated 25 th June 2024	Reply dated 10 th July 2024	Reply dated 25 th July 2024	Reply dated 2 nd August 2024	Reply dated 07 th August 2024
<p>8. With reference to para 4 of the complaint, we deny that there are any irregularities in the books of accounts of Stallion. We state that most due deliberations and reconciliations, Stallion had taken a decision to write back an amount of INR 13.58 Lakhs pertaining to the FY 2022-23, as reflecting under income side of the P&L account under the heading "Other Income-Liabilities no longer required written back" of Financial year 2023."</p>	<p>"12. Based on the information obtained from the Company and its Statutory Auditors, which is more particularly detailed in subsequent paragraphs, it appears to us that the said liability pertaining to your clients was written back in FY 2022-23 where books of accounts were prepared and maintained in accordance with the AS (Previous GAAP) then applicable. It also appears that the write back was made relying on the paragraph 52 of the AS 29 replicated below for ease of reference: "Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resource embodying economic benefits will be required to settle the obligation, the provision should be reversed."</p>	<p>"16. The write-back of the liability pertaining to your clients, the same was made placing reliance on Accounting Standard 29 (Provisions, Contingent Liabilities and Contingent Assets)." "17. The liability with respect to your clients was recorded as trade payable and not as provision in the financial statements of the Company for financial year ended March 31, 2022. Trade payables are financial liability (a financial instrument). There are no specific Accounting Standards notified by the Ministry of Corporate Affairs on recognition and measurement of financial instruments. Accounting Standard 20 defines Financial Instrument as under: <i>"A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity shares of another enterprise."</i></p>	<p>17. On conversion of Previous GAAP financials to Ind AS complied financials, the Company has relied on the critical guidance provided on "Mandatory Exception" in Ind AS 101 Paragraphs 14-17 of Ind AS 101 deal with mandatory exception with regard to 'estimates'. As per paragraph 14 of Ind AS 101, an entity's estimates in accordance with Ind AS at "the date of transition to Ind AS" or "the end of the comparative period presented in the entity's first Ind AS financial statements", as the case may be, should be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.</p>	<p>2. The statutory auditors informed that the audit of the company for the FY24 for the period October 23 to March 24 is in progress. The auditors have received all the documents and correspondence relating to alleged liability owed to Zhejiang Sanmei Chemical Inc. Co Ltd which has been written back in FY 22-23 amounting to Rs. 949.85 Lakhs from the company.</p>
<p>13. In relation to treatment of write backs as contingent liabilities, the company placed reliance on above discussion and is of the view that there is no possible obligation that is required to be settled in future."</p> <p>18. With reference to paragraph</p>	<p>"13. In relation to treatment of write backs as contingent liabilities, the company placed reliance on above discussion and is of the view that there is no possible obligation that is required to be settled in future."</p>	<p>18. Further, a financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Accounting Standard 29 deals with provisions and contingent liabilities.</p>	<p>18. In case of the Company's restated Ind AS financials statements filed with SEBI as part of DRHP, the transition date for Ind AS adoption is April 01, 2022, and the comparative periods are FY 2021-22 and FY 2022-23. Hence, in these periods the Company has applied exception as provided in Ind AS 1C1 on estimated outflow with respect to the disputed dues and no</p>	<p>2(b).The accounting treatment that statutory auditor (Mittal & Associates) agrees to adopt for FY24 are: "Efforts are underway to resolve the dispute through negotiation and adherence to contractual terms, the company intends to disclose this liability in its March 2024 financial statement as contingent liability which is in accordance with IND AS 37 Provisions Contingent Liabilities and Contingent Assets".</p>

numbered (4) of the complaint, it appears that the company has adhered to the requirement of Schedule III of the Companies Act 2013 and has prepared its financials providing adequate disclosure. The write back amount is **not disclosed** as Miscellaneous non-operating income, rather, **disclosed clearly as "Liabilities no longer required written back"** as part of the Other Income note in the restated financial statement which forms part of the DRHP filed with SEBI."

"19. With reference to paragraphs numbered 4(i) to 4(vi) of the complaint, it appears that the company has adhered to the requirements of Schedule III of the Companies Act, 2013 and requisite Ind AS and has prepared its financials providing adequate disclosure. The write back amount is **not disclosed as Miscellaneous non-operating income**, rather, it is disclosed clearly as "**Liabilities no longer required written back**" as part of the Other Income note in the restated financial statements which forms part of the DRHP filed with SEBI."
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It also deals with financial instruments not measured at fair value (refer Paragraph 2 of Accounting Standard 29). The Company's trade payables are financial liabilities which are measured at cost (not at fair value). Therefore, the management has relied on Accounting Standard 29 guidance on measurement criteria and the same has been applied in determining the aforesaid write back."

"19. The amounts disputed by Sanmei were included in the trade payables for the financial ended March 31, 2022.

Therefore, the relevant amount was written back in financial year ended March 31, 2023 and are reflected under the head "Liabilities no longer required written back" in the Restated Financial Statements of the Company."

22. Therefore, other income of Rs.7.65 lakhs along with "**Sundry balance w/back (Net)**" of **Rs.926.05 lakhs aggregating to Rs.933.70 lakhs was suitably mentioned as miscellaneous other non-operating income** in the XBRL format of Form AOC-4. However, in the signed audited financial statements of the Company in respect of the financial year ended March 31, 2023, the amounts are classified appropriately under Notes 15 and 16. The Restated Financial Statements were required to be the

modifications were made to the write back figures in absence of any objective evidence of error. Further, during the 6 months stub period ended September 30, 2023, as there was no development on the matter till signing of the financial statements for the 6 months period ended September 30, 2023 i.e. in November 2023 and non-existence of any objective evidence of error, the Company relied on the circumstances that existed as on the date of signing March 2023 financials and no changes were carried out in the stub period September 2023 financials.

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financial statements of the Company restated in accordance with the SEBI ICDR Regulations and were required to comply with newly adopted Indian Accounting Standard. The Restated Financial Statements were also required to be such that the prospective investors of Stallion are provided with additional information to make informed decision regarding investment in Stallion. Hence, write back amount being a material amount has been disclosed as separate line item.

*

This was in response to our letter dated 03.07.2024 (3rd Rejoinder) where we questioned the correctness of the write back of the Trade Payable as Miscellaneous Non-Operating Income at Stallion's own discretion.

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This was in response to our letter dated 16.07.2024 where we pointed out that Provision and Trade Payables are different and Trade Payables are obligation which needs no substantial degree of estimation unlike Provision and needs to be paid and not written off. It may be noted that the reply on 25.07.2024 accepts that Sanmei was recorded as Trade Payable and was written off without any substance to the transaction violating the rules of all applicable Accounting standards then applicable. It also differs with their own reply dated 10.07.2024.

The definitions as agreed by Sarthi in the letter were agreed and taken after our letter dated 03.07.2024 where we pointed out the relevant definitions of Financial Liability, rules of de-recognition of financial liability and treatment for the same as defined under AS-29, IND AS-101 and IND AS 109.

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This was in response to our letter dated 27-07-2024 to Securities Exchange Board of India. Yet again, the citation of IND AS-101 and 109 are given by Sarthi after our letter wherein we have clearly explained the relevant provisions under which it is mentioned that Trade Payables are obligations and not estimates. Further, the letter dated 02.08.2024 by Sarthi tends to contradict with their own letter dated 25.07.2024 where they have mentioned that the liability with respect to Sanmei was recorded as Trade Payable and not provision. Trade Payable as huge as **Rs.913.58** Lakhs cannot be written back merely by stating it as an estimate. There can be no question of objective evidence of error (by categorizing an obligation as an estimate) in case of a physical transaction. The write back of Trade Payables is a deliberate act and hence needs your immediate attention.

BRIEF OF THE PROPOSED AMENDMENTS IN THE DISCLOSURES REGARDING TRANSACTIONS BETWEEN STALLION AND SANMEI IN THE DRHP ARE AS UNDER:

<p><u>Initial DRHP dated 20.03.2024 filed with SEBI</u></p>	<p><u>Modification proposed by BRLM along with its Reply dated 31.05.2024</u></p>	<p><u>Modification proposed by BRLM along with its Reply dated 25.06.2024</u></p>	<p><u>Modification proposed by BRLM along with its Reply dated 10.07.2024</u></p>	<p><u>Modification proposed by BRLM along with its Reply dated 25.07.2024</u></p>	<p><u>No Modification proposed in DRHP by BRLM along with its Replies dated 02.08.2024 & 07.08.2024</u></p>
<p>In Para (13) at Page 33 and in Section VI at Page 280, STALLION has given a detailed disclosures regarding the claim of SANMEI of USD12,51,290.00, covering the various events from 2021 till January 2024.</p> <p>Interestingly, STALLION selectively chooses to disclose the said transaction only and did not disclose the claim of SANMEI for delay in return of Tanks to the extent of USD4,11,150/-</p>	<p>In the proposed modification, the detailed disclosures in the DHRP dated 20.03.2024 was reduced to a very brief disclosure, restricting the event of STALLION receiving Statutory Notice dated 02.12.2024, STALLION's reply dated 23.12.2023 thereto and SANMEI Rejoinder dated 08.01.2024:</p> <p>"A claim/counter-claim has arisen between the Company and Sanmei, prompting legal action from Sanmei's legal representatives. On December 02, 2021, Sanmei's legal representatives issued a formal notice under the provisions of the Insolvency and Bankruptcy Code, 2016 asserting a claim amounting to \$12,51,290.00 against the Company. The company responded to Sanmei's notice Dated December 02, 2021 via</p>	<p>In the proposed modification, STALLION sought to add the following Para to the proposed modification dated 31.05.2024:</p> <p>"The issue/claim/counter-claim between two parties is ongoing, and as now, no proceedings filed in any court of law and not under International Court of Arbitration. However, if any proceedings is initiated against the Company by Sanmei then that will may result in adverse effect on the financial condition of the company".</p>	<p>In the proposed modification, the STALLION sought to improve the previous proposed modifications as under:</p> <p>"The issue/claim/counter-claim between two parties is ongoing, and as now, no proceedings filed in any court of law or any arbitral tribunal by Sanmei. Further, there can be no assurance that the Company will not receive further complaints from Sanmei in the future. However, if any legal proceedings in initiated against the Company by Sanmei then that will may result in adverse effect on the financial condition of the company. It may divert the attention of our Management and Promoters and we may incur significant</p>	<p>In the proposed modification, for the first time BRLM disclosed the Claim of SANMEI for delay in return of Tanks to the extent of USD4,11,150/-, although the said claim has been denied by STALLION.</p>	<p>No Modification proposed by BRLM in the DRHP along with its Reply dated 02.08.2024. However, in the reply dated 07.08.2024, BRLM informed that STALLION has now proposed to make amendments and to disclose the "LIABILITY" as "CONTINGENT LIABILITY" in its March 2024 financial statements. But neither BRLM nor STALLION proposed to make such modification in the DRHP.</p>

email on December 23, 2023. Following the Company's response, Sanmei's legal representative's sent a rejoinder notice dated January 08, 2024. It is to be noted that despite the exchange of communications between the parties, no formal insolvency proceedings have been initiated against the Company as on the current date. The unresolved matter between the Company and Sanmei remains, subject to further legal proceedings, in case."

expenses in such proceedings, which could increase our expenses and liabilities. If such claim is determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations".

Pain
14/8/24



(Scan this QR code to view the DRHP)

Draft Red Herring Prospectus
Dated: March 20, 2024
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please Read Section 32 of Companies Act, 2013
100% Book Built Offer



STALLION INDIA FLUORO CHEMICALS LIMITED
CORPORATE IDENTITY NUMBER: U51410MH2002PLC137076

REGISTERED & CORPORATE OFFICE	CONTACT PERSON	TELEPHONE AND EMAIL	WEBSITE
2, A Wing, Knox Plaza, Off. Link Road, Mindspace, Malad - (West), Mumbai - 400064	Sarita Khamwani Company Secretary and Compliance Officer	Email: compliance@stallion.in Tel. No.: 022-43510000	www.stallionfluorochemicals.com

OUR PROMOTER: SHAZAD SHERIAR RUSTOMJI, MANIHSZA SHAZAD RUSTOMJI & ROHAN SHAZAD RUSTOMJI

DETAILS OF THE OFFER TO PUBLIC				
TYPE	FRESH ISSUE	OFFER FOR SALE	TOTAL OFFER SIZE	ELIGIBILITY AND SHARE RESERVATION
Fresh Issue & Offer for Sale	1,78,58,740 Equity Shares aggregating up to ₹ [●] lakhs	43,02,656 Equity Shares aggregating up to ₹ [●] lakhs	₹ [●] lakhs	The Offer is made pursuant to the Regulation 6(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). For details, see "Offer Structure" on page 308.

DETAILS OF THE SELLING SHAREHOLDER, OFFER FOR SALE AND THEIR WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE

NAME OF THE SELLING SHAREHOLDER	TYPE	NO OF EQUITY SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION ON FULLY DILUTED BASIS*
Shazad Sheriar Rustomji	Promoter	43,02,656 Equity Shares	6.79

*As certified by Mittal & Associates, Chartered Accountant vide certificate dated February 07, 2024

RISKS IN RELATION TO THE FIRST ISSUE

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 the Equity Shares is ₹ 10 each and the Floor Price and Cap Price are [●] times and [●] times of the face value of Equity Shares, respectively. The Floor Price, Cap Price and Offer Price (determined by our Company and Promoter Selling Shareholder in consultation with the BRLM 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 100, 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 of our Company, 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 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 SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this DRHP. Specific attention of the investors is invited to "Risk Factors" on page 27.


COMPANY'S AND PROMOTER SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this DRHP 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 DRHP 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 DRHP as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Promoter Selling Shareholder accepts responsibility for, and confirms, that the statements specifically made or confirmed by such Promoter Selling Shareholder in this DRHP, to the extent that the statements and information specifically pertain to such Promoter Selling Shareholder and the Equity Shares offered by such Promoter Selling Shareholder under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect.


LISTING

The Equity Shares, once offered through the RHP are proposed to be listed on the Stock Exchanges being BSE Limited and National Stock Exchange of India Limited. For the purposes of the Offer, the Designated Stock Exchange shall be [●].

BOOK RUNNING LEAD MANAGER

Name and Logo of the Book Running Lead Manager	Contact Person	Email and Telephone
 SARTHI Sarathi Capital Advisors Private Limited	Mr. Taher Engineer	Email Id: compliance@sarthiwm.in Tel No.: +91 22 2652 8671/ 72

REGISTRAR TO THE OFFER

Name and Logo of the Registrar	Contact Person	Email and Telephone
 Bigshare Services Private Limited	Mr. Jibu John	Email: ipo@bigshareonline.com Tel No.: +91 22 62638200

BID/OFFER PERIOD

ANCHOR PORTION OFFER OPENS/CLOSES ON*	[●]
BID/OFFER OPENS ON	[●]
BID/OFFER CLOSES ON**	[●]^

*Our Company may in consultation with the BRLM, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

**Our Company may in consultation with the BRLM, 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.

^UPI mandate end time and date shall be 5:00 pm on the Bid/Offer Closing Date.

Name of Entity	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations #	Material – Criminal Litigations	Aggregate amount involved* (₹ in lakhs)
Against our Promoters	4	Nil	Nil	1	Nil	27.73
Promoter Group						
By our Promoter Group	Nil	Nil	Nil	Nil	Nil	Unquantifiable
Against our Promoter Group	Nil	Nil	Nil	Nil	Nil	Unquantifiable
Directors (excluding cases of Directors who does not falls under Promoter Group)						
By our Directors	Nil	Nil	Nil	Nil	Nil	NA
Against our Directors	2	Nil	Nil	Nil	Nil	5.35
Subsidiaries[^]						
By Subsidiaries	NA	NA	NA	NA	NA	NA
Against Subsidiaries	NA	NA	NA	NA	NA	NA

* Aggregate amount involved is with respect to Outstanding Tax Demands

There can be no assurance that these litigations will be decided in favor of our Company, our Promoter/Director and consequently it may divert the attention of our management and Promoter and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. As on the date of this Draft Red Herring Prospectus, our Company has not created any provisions related to the above litigations filed against the Company.

If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For the details of such outstanding litigations, please refer the chapter titled "Outstanding Litigations and Material Developments" on Page No. 280.

- 13) Zhejiang Sanmei Chemical Industry Co. Ltd. (Sanmei) have issued a notice through its Legal representative demanding USD 12,51,290.00. We are actively taking steps to respond appropriately to the notice issued by Sanmei and are prepared to defend our position in any legal proceedings.

In the fiscal year 2021, the company engaged in multiple contracts with Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei"), a Chinese company, for the supply of various refrigerants such as R410a, R32, R407C, etc., filled and delivered in returnable ISO-Tanks. Unfortunately, Sanmei failed to fulfill its contractual obligations by defaulting on the agreed-upon delivery quantity and rate for the tanks. Despite repeated requests, Sanmei did not comply with the contracted supply, leading to the company falling short on its commitment to provide the specified gases to its clients, resulting in both financial losses and damage to its reputation.

The company had decided to withhold pending payments until the complete tank quantity was delivered as per the contract. However, Sanmei's legal representatives escalated the matter by issuing a notice dated December 02, 2021 under the Insolvency and Bankruptcy Code, 2016, demanding USD 12,51,290.00. Despite informing Sanmei of the ongoing dispute and urging compliance, they refused to acknowledge the issue and issued a reminder notice. The allegations include default in delivery and overcharging based on the agreed-upon contract terms.

The Company has vide its email dated December 23, 2023 replied to Sanmei's notice dated December 02, 2021 under section 8 of IBC, 2016 bearing no 42625/34237/CAIN21/01 and further the Company has received a rejoinder through an email on January 08, 2024 through the advocates of Sanmei. As of now, no insolvency proceedings have been initiated against the company. Concurrently, efforts are underway to resolve the dispute through negotiation and adherence to contractual terms.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings against/by the Company, its Directors, its Promoters, and Promoter Group and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions of the Company, default in creation of full security as per terms of issue/other liabilities, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under Schedule V to the Companies Act, 2013) other than unclaimed liabilities of our Company and no disciplinary action and / or other proceedings has been taken by SEBI or any stock exchange or any other market regulator or any other jurisdiction or any other authority / court against the Company, its Promoters, and its Directors;

There are no past cases in which penalties have been imposed on the Company, its Promoters, and its Directors, and there is no outstanding litigation against any other Company whose outcome could have a material adverse effect on the position of the Company. Further, there are no cases of litigation, defaults etc. in respect of companies/firms/ventures with which the Promoters were associated in the past but are no longer associated, in respect of which the name(s) of the Promoters continues to be associated;

There are no show-cause notices / claims served on the Company, its Promoters, and its Directors from any statutory authority / revenue authority that would have a material adverse effect on the Company's business;

Further, no outstanding details of any other pending material litigation which are determined to be material as per a policy adopted by the Board ("Material Policy"), in each case involving the Issuer, Promoter, Promoter Group, Group Companies and Subsidiary Company, if any;

The Company has entered into multiple contracts in 2020-2021 with one company based in China viz., Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei") for supply of various refrigerants like R410a, R32 , R407C , etc. filled and supplied in returnable ISO-Tanks (said "Gas" or "Tanks"). On the basis of this contract the Company has also entered into back to back contract with its clients for supply of said gas. Sanmei defaulted in delivery of the total quantum of tanks and at a rate as it was agreed upon as per the above referred contracts. Instead, they delivered very negligible quantity of tanks and even after requesting time and again Sanmei did not comply with the total supply of Tanks as per the contract, as a result the Company failed in its commitment for supply of said gas to its clients thereby incurring loss in business and reputation. The prices for the said gases also rose very substantially and the company made huge notional loss based on the rate difference of increased price versus contracted price into the quantity of unsupplied gas

The Company could see the real malafide reason of Sanmei for not delivering the remaining tanks was a steep hike in price of said gas (almost 100% increase) in international market and presumably Sanmei sold the tanks to their other clients who agreed to purchase at such higher price thereby making huge profits at the cost of the Company. Hence, the company took a decision to withhold whatever payment was pending to Sanmei for the negligible quantum of tanks received until Sanmei delivers remaining agreed quantity of tanks as per the contracts and comply with his part as per the contracts. The Company later receives a notice on 2nd December, 2021 u/s 8 of Insolvency and Bankruptcy Code, 2016 demanding USD 12,51,290.00 (said "Notice") without interest, from their lawyers based out of Delhi. Subsequent to said notice many discussions happened and even their said lawyers also visited office of the Company for negotiation, wherein the Company has informed the lawyers of the existing dispute and requested their lawyers to ask their client to perform their part of contract and in accordance with the terms of the contracts and deliver the remaining quantity of tanks but their lawyers refused to agree on the terms and issued a reminder notice on 15th September, 2022 without mention of any dispute raised by the Company. The Company also informed the lawyers that Sanmei has not only defaulted in delivery but they have also charged higher price as compared to the price as agreed upon and have also by suo-moto action without informing the Company set some kind of credit limit and further depleted and reduced that credit limit by adding cost of ISO Tank containers which is the property of the shipping company and not of Sanmei and for which the Company has provided guarantee in form of surety bond to the shipping company against the possession of the said containers. The Company also represented, that the lawyers of Sanmei once again visited office of the Company somewhere in the month of October, 2023 but again nothing progressed as they were not ready to comply with the terms of the validly entered contract. The Company has vide

its email dated 23rd December, 2023 replied to Sanmei's section 8 IBC notice dated 2nd December, 2021 bearing no 42625/34237/CAIN21/01 and the Company has received via email on 8th January, 2024 a rejoinder dated 8th January, 2024 through the advocates of Sanmei. Thereafter, as on today there are no proceedings initiated under IBC by Sanmei against the Company.

The Board, in its meeting held on 16th October, 2023 has considered and adopted a policy of materiality for identification of material litigation involving Company, Directors, Promoter, Promoter Group, Group Companies and Subsidiary Company;

In terms of the Materiality Policy, all pending litigation involving the Issuer, Directors, Promoters, Promoter Group, Group Companies and Subsidiary Company, other than the criminal proceedings, action by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoter in the last five Fiscals including outstanding action and tax matters would be considered as 'material' if:

- a. *the monetary amount of claim by or against the Company, Subsidiary, Promoters and Directors in any such pending litigation is individually in excess of 10% of the net worth of the Company as per the latest period of Restated Financial Information or 10% of the revenue of the Company (whichever is lower) as per the latest annual restated financial statements of the Company.*
- b. *dues to creditors exceeds 5% of the total trade payables of the Company as per the latest restated financial statements of the Company,*
- c. *any such litigation wherein the monetary liability is not quantifiable but which is expected to be material from the perspective of the Company's business, operations, prospects or reputation.*

Except as stated in this section, there are no outstanding litigations as of the date of the Draft offer document.

There are no outstanding litigations as of the date of the draft offer document;

The disclosure made in the draft offer document in the sections titled "Outstanding Litigation and Material Developments" and "Government and Other Statutory Approvals" are in accordance with Chapter IX read with Schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable legal requirements (Chapters are attached herewith);

None of the Company, any of its Promoters, Promoter Group or Directors are debarred from accessing the capital market by the Securities and Exchange Board of India (the "Board") or any securities market regulator of any other jurisdiction or any other authority / court;

None of the Promoters, Promoter Group, or Directors was or also is a promoter, director or person in control of any company which is debarred from accessing the capital market under any order or direction made by the Board or any securities market regulator of any other jurisdiction or any other authority / court;

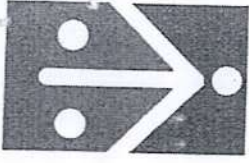
None of the promoters, promoter group, directors, or person in control of the Issuer is a fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018; and

The Company is not in the list of willful defaulters published by the Reserve Bank of India.

1. LITIGATION RELATING TO THE COMPANY

Cases filed by the Company

S. No	Parties	Court/Case no./Judge	Case Details	Amount involved (₹. in lakhs)	Current Status
			NIL		



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disclosed clearly as "Liabilities no longer required written back" as part of the Other Income note in the restated financial statements which forms part of the DRHP filed with SEBI.

19. With reference to paragraphs numbered (4)(i) to 4(vi) of the Complaint, it appears that the Company has adhered to the requirement of Schedule III of the Companies Act, 2013 and requisite Ind AS and has prepared its financials providing adequate disclosure. The write back amount is not disclosed as Miscellaneous non-operating income, rather, it is disclosed clearly as "Liabilities no longer required written back" as part of the Other Income note in the restated financial statements which forms part of the DRHP filed with SEBI.
20. It may be noted that in accordance with Ind AS 109 – Financial Instruments, Paragraph 3.3 Derecognition of financial liabilities, the Company on conversion of Previous GAAP financials to Ind AS financials has relied upon circumstances existed during the preparation of financials statements under Previous GAAP and the discussion noted during the write back and concluded under Ind AS 109 the financial liability derecognized under previous GAAP need not to be re-recognised under Ind AS, as the liability stands extinguished in absence of any further action from the SANMEI's end.
21. In light of the explanations given above, there is no requirement for any investigation or inspection by SEBI or the Institute of Chartered Accountants of India. We are shocked by the underhanded behaviour of your client in giving directions to us to approach such authorities in public interest. Your clients themselves have not approached any appropriate forum for obtaining any reliefs that they propose to obtain through our means.
22. With reference to paragraphs numbered (5) and (6) of the Complaint, we state that there are no glaring accounting irregularities or misstatements in the books of account of Stallion pertaining to the transactions between Stallion and your clients. We deny that the books of account of Stallion do not reflect the true and correct picture of its state of affairs. We state that we have conducted appropriate due diligence of Stallion as required under the SEBI ICDR Regulations. We have proposed certain updates to the disclosures in DRHP, though not mandated under the SEBI ICDR Regulations, in view of the observations made by your clients. Any other grievance your clients have as regards Stallion and its affairs ought to be taken up by them before an appropriate forum.
23. Further, the Company has received a complaint addressed by you through SCORES regarding the commercial transaction between Sanmei and Stallion. Consequently, we have included those details in the previously proposed risk factor which is provided herein below:

Revised disclosure under Risk Factor:

13. Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei") has issued a notice through its Advocates demanding USD 12,51,290.00 from the Company in relation to certain commercial transactions between the Company and Sanmei. Any adverse outcome of the disputes between the parties pertaining to the subject matter of the notice may adversely affect our reputation, business, operations, financial condition and results of operations

The Company and Sanmei have had multiple contracts in the past for supplying gases. In the year 2021, the Company entered into more contracts with Sanmei to supply different refrigerants like R410a, R32, R407C, etc., which were delivered in returnable ISO-Tanks.

However, there's was a disagreement between the company and Sanmei. Sanmei's legal representatives therefore escalated the issue by sending a demand notice on December 02, 2021, under the Insolvency and Bankruptcy Code, 2016, demanding \$12,51,290.00 ("Notice"). However, there is no further proceedings.

The Company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023 stating that Sanmei failed to fulfill contractual obligations by not supplying gases as agreed. Thereafter, the Company also received a rejoinder notice from Sanmei's advocates on January 08, 2024. The Company disputes such alleged debt and will defend against any legal action from Sanmei. Further, the Company





S A R T H I

May 31, 2024

To,
K&P Law Associates,
#907, DLF Tower –A, District Centre,
Jasola, New Delhi - 110025

Kind Attn: Ms. Alisha Saini

Sub : Proposed Initial Public offering of Stallion India Fluorochemicals Limited (“Company/Issuer”).
Ref : SEBI Email dated May 29, 2024 along with your letter dated May 23, 2023 addressed to SEBI.

We acknowledge the receipt of your complaint dated May 23, 2024, pertaining to the Initial Public Offering (IPO) of Stallion India Fluorochemicals Limited (“Company”). We as the Lead Merchant Banker of the proposed IPO have diligently followed regulatory guidelines to ensure comprehensive disclosure of all relevant company-related information.

We came to know about the claim/counter-claim with your client i.e., Sanmei and the Company during our due diligence and please be informed that the statements made in the Draft Red Herring Prospectus are based on the information provided to us by the Management of the Company and also have relied on the legal advice by the legal advisor to the proposed IPO with available supporting documents. We cannot comment on the information that is provided by you through the letter dated May 23, 2024 addressed to SEBI and marked copy to us and further we do not have any authority to take any appropriate view on this. It is a business transaction between your client and the company.

Taking into consideration your letter we shall make the necessary modification in the uDRHP, RHP and Prospectus attached as “Annexure A” subject to the approval from the SEBI and the Stock Exchanges.

Yours Faithfully,

Thanking you,

For Sarthi Capital Advisors Private Limited

Taher Engineer
Compliance Officer



CC:
Securities and Exchange Board of India
Corporation Finance Department
RAC-Division of Issue and Listing –II
SEBI Bhavan, Plot C4-A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400051.

Sarthi Capital Advisors Private Limited

CIN: U65190DL2012PTC238100

Regd. Off: 411, Pratap Bhawan, 5, Bhadur Shah Zafar Marg, New Delhi-110002; Tel: 011-23739425/26; Fax: 011-23739424

Corp. Off: 401, 4th Floor, Manek Plaza, 167, VidyaNagri Marg, Kalina, Santacruz (E), Mumbai- 400098; Tel: 022-26528671/72 Fax: 022-26528673

Website: www.sarthi.in



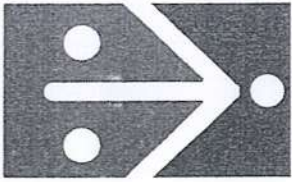
S A R T H I

Annexure A

Modification in the following sections of uDRHP, RHP and Prospectus;

Sr. No	Section of DRHP dated March 20, 2024	Modified statement
1.	<p>Section II Risk Factor</p> <p>13. Zhejiang Sanmei Chemical Industry Co. Ltd. (Sanmei) have issued a notice through its Legal representative demanding USD 12,51,290.00. We are actively taking steps to respond appropriately to the notice issued by Sanmei and are prepared to defend our position in any legal proceedings.</p> <p>In the fiscal year 2021, the company engaged in multiple contracts with Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei"), a Chinese company, for the supply of various refrigerants such as R410a, R32, R407C, etc., filled and delivered in returnable ISO-Tanks. Unfortunately, Sanmei failed to fulfill its contractual obligations by defaulting on the agreed-upon delivery quantity and rate for the tanks. Despite repeated requests, Sanmei did not comply with the contracted supply, leading to the company falling short on its commitment to provide the specified gases to its clients, resulting in both financial losses and damage to its reputation.</p> <p>The company had decided to withhold pending payments until the complete tank quantity was delivered as per the contract. However, Sanmei's legal representatives escalated the matter by issuing a notice dated December 02, 2021 under the Insolvency and Bankruptcy Code, 2016, demanding USD 12,51,290.00. Despite informing Sanmei of the ongoing dispute and urging compliance, they refused to acknowledge the issue and issued a reminder notice. The allegations include default in delivery and overcharging based on the agreed-upon contract terms.</p> <p>The Company has vide its email dated December 23, 2023 replied to Sanmei's notice dated December 02, 2021 under section 8 of IBC, 2016 bearing no 42625/34237/CAIN21/01 and further the Company has received a rejoinder through an email on January 08, 2024 through the advocates of Sanmei. As of now, no insolvency proceedings have been initiated against the company. Concurrently, efforts are underway to resolve the dispute through negotiation</p>	<p>13. Zhejiang Sanmei Chemical Industry Co. Ltd. (Sanmei) have issued a notice through its Legal representative demanding USD 12,51,290.00. We are actively taking steps to respond appropriately to the notice issued by Sanmei and are prepared to defend our position in any legal proceedings.</p> <p>The company and Sanmei have had multiple contracts in the past for supplying gases. In 2021, the company entered into more contracts with Sanmei to supply different refrigerants like R410a, R32, R407C, etc., which were delivered in returnable ISO-Tanks.</p> <p>However, there's was a disagreement between the company and Sanmei. Sanmei's legal representatives therefore escalated the issue by sending a notice on December 02, 2021, under the Insolvency and Bankruptcy Code, 2016, demanding \$12,51,290.00. However, there is no further proceedings.</p> <p>The company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023, Later, the company received a rejoinder notice from Sanmei's advocates on January 08, 2024. The issue/claim/counter-claim between the two parties is ongoing, and as of now, no proceedings are filed in any court of law.</p>





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	and adherence to contractual terms.	
2.	Section VI – Legal and Other Information <p>The Company has entered into multiple contracts in 2020-2021 with one company based in China viz., Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei") for supply of various refrigerants like R410a, R32, R407C, etc. filled and supplied in returnable ISO-Tanks (said "Gas" or "Tanks"). On the basis of this contract the Company has also entered into back to back contract with its clients for supply of said gas. Sanmei defaulted in delivery of the total quantum of tanks and at a rate as it was agreed upon as per the above referred contracts. Instead, they delivered very negligible quantity of tanks and even after requesting time and again Sanmei did not comply with the total supply of Tanks as per the contract, as a result the Company failed in its commitment for supply of said gas to its clients thereby incurring loss in business and reputation. The prices for the said gases also rose very substantially and the company made huge notional loss based on the rate difference of increased price versus contracted price into the quantity of unsupplied gas.</p> <p>The Company could see the real malafide reason of Sanmei for not delivering the remaining tanks was a steep hike in price of said gas (almost 100% increase) in international market and presumably Sanmei sold the tanks to their other clients who agreed to purchase at such higher price thereby making huge profits at the cost of the Company. Hence, the company took a decision to withhold whatever payment was pending to Sanmei for the negligible quantum of tanks received until Sanmei delivers remaining agreed quantity of tanks as per the contracts and comply with his part as per the contracts. The Company later receives a notice on 2nd December, 2021 u/s 8 of Insolvency and Bankruptcy Code, 2016 demanding USD 12,51,290.00 (said "Notice") without interest, from their lawyers based out of Delhi. Subsequent to said notice many discussions happened and even their said lawyers also visited office of the Company for negotiation, wherein the Company has informed the lawyers of the existing dispute and requested their lawyers to ask their client to perform their part of contract and in accordance with the terms of the contracts and deliver the remaining quantity of tanks</p>	<p>The Company and Zhejiang Sanmei Chemical Industry Co. Ltd ("Sanmei") have previously engaged in contractual agreements for the supply of various gases. In 2021, additional contracts were entered into between the Company and Sanmei for the supply of different refrigerants, such as R410a, R32, R407C, which were to be supplied in returnable ISO-Tanks.</p> <p>A claim/counter-claim has arisen between the Company and Sanmei, prompting legal action from Sanmei's legal representatives. On December 02, 2021, Sanmei's legal representatives issued a formal notice under the provisions of the Insolvency and Bankruptcy Code, 2016 ("IBC, 2016"), asserting a claim amounting to \$12,51,290.00 against the Company.</p> <p>The company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023. Following the Company's response, Sanmei's legal representative's sent a rejoinder notice dated January 08, 2024. It is to be noted that despite the exchange of communications between the parties, no formal insolvency proceedings have been initiated against the Company as on the current date. The unresolved matter between the Company and Sanmei remains, subject to further legal proceedings, in case.</p>





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	<p>but their lawyers refused to agree on the terms and issued a reminder notice on 15th September, 2022 without mention of any dispute raised by the Company. The Company also informed the lawyers that Sanmei has not only defaulted in delivery but they have also charged higher price as compared to the price as agreed upon and have also by suo-moto action without informing the Company set some kind of credit limit and further depleted and reduced that credit limit by adding cost of ISO Tank containers which is the property of the shipping company and not of Sanmei and for which the Company has provided guarantee in form of surety bond to the shipping company against the possession of the said containers. The Company also represented, that the lawyers of Sanmei once again visited office of the Company somewhere in the month of October, 2023 but again nothing progressed as they were not ready to comply with the terms of the validly entered contract. The Company has vide its email dated 23rd December, 2023 replied to Sanmei's section 8 IBC notice dated 2nd December, 2021 bearing no 42625/34237/CAIN21/01 and the Company has received via email on 8th January, 2024 a rejoinder dated 8th January, 2024 through the advocates of Sanmei. Thereafter, as on today there are no proceedings initiated under IBC by Sanmei against the Company.</p>	
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June 25, 2024

K&P Law Associates,
#907, DLF Tower – A,
District Centre, Jasola,
New Delhi -110 025,
India.

Kind Attn: Ms. Alisha Saini

Sub : Proposed Initial Public offering of Stallion India Fluorochemicals Limited (“Company/Issuer”).
Ref : SEBI Email dated June 21, 2024 along with your letter dated June 20, 2024.

1. We, Sarthi Capital Advisors Private Limited refer to the letter dated June 20, 2024 addressed by you on behalf of Zhejiang Sanmei Chemical Industry Co., Ltd (“Sanmei”) to us and also forwarded to the Securities and Exchange Board of India (“SEBI”) in relation to the Draft Red Herring Prospectus dated March 20, 2024 filed by Stallion with Securities and Exchange Board of India in pursuance of the Issue.
2. Our responses below to the Complaint are based on the information and documents produced before us by Stallion in the course of the services rendered to them as book running lead manager to the Issue. It appears that the contents of the Complaint are incorrect, riddled with factual errors, patent absurdities, unsubstantiated allegations and damaging imputations, misrepresentation of facts and a blatant attempt to coerce Stallion and to wrongfully defame the image of Stallion and appear either motivated by ignorance of the facts, malice or worse.
3. At the outset, we deny each and every allegation and statement made by Sanmei in the Complaint and we hereby contest the contents of Complaint, as being totally false, fabricated, concocted and baseless and exhibit Sanmei’s devious malicious intentions of coercing and arm-twisting Stallion for extracting additional business profit.
4. With reference to the opening paragraph of the Complaint, we deny that there have several misstatements of facts in the DRHP with respect of any admitted commercial transactions of Sanmei with Stallion.
5. **With reference to the paragraph 1 of the Complaint**, we state that we have made adequate and appropriate disclosure of the disputes between Sanmei and Stallion in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”). We deny the allegation that we have not exercised due diligence and verified the books of account and relevant documents particularly pertaining to the transaction between Stallion and Sanmei. We state that verification of the books of account is the responsibility of the Statutory Auditor of the Company and basis their verification and based on our understanding of the same, we have made disclosures regarding the transactions between Sanmei and Stallion in the DRHP.
6. We state that while Sanmei had issued a notice dated December 02, 2021 under the provisions of the Insolvency and Bankruptcy Code, 2016 demanding payment of alleged operational debt to Stallion, despite a lapse of 2 years from such issuance Sanmei has not initiated any legal proceedings before appropriate courts agitating their grievance. The fact that Sanmei has not filed any legal proceedings against Stallion clearly indicates that Sanmei’s claims made are false, wrongful and concocted and that Sanmei is fully aware that they will not be able to obtain the reliefs sought by them before any court. However, under guise of their fictitious claims they are now aiming to deter the Issue process and create nuisance for Stallion by making

Sarthi Capital Advisors Private Limited

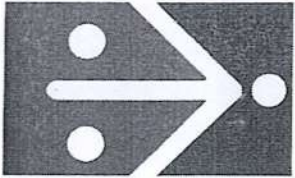
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Website: www.sarthi.in



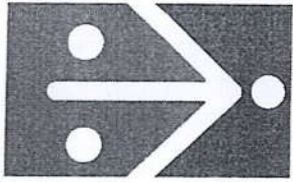


S A R T H I

false complaints to the Securities and Exchange Board of India, which is not the appropriate forum for seeking any such reliefs.

7. With reference to paragraphs 2 and 3 of the Complaint, we state that in the letter dated June 7, 2024 addressed to us, Sanmei has made high-handed and frivolous demands from us to provide explanations pertaining to accounting treatment, books of account and other records of Stallion and expressed a grievance regarding non-disclosure of certain information pertaining to return of tanks. We state that we have made adequate disclosure of material information pertaining to the disputes between Sanmei and Stallion as per the requirements of the SEBI ICDR Regulations. In any event, Sanmei has not instituted any legal proceedings against Stallion even after lapse of more than two years after issuing the notice dated December 02, 2021 under the provisions of the Insolvency and Bankruptcy Code, 2016 demanding payment of alleged operational debt to Stallion. As regards verification of the books of accounts and other relevant documents, we have relied on the examination reports of the Statutory Auditors of Stallion on its financial statements and our review of relevant documents and made disclosures as per the same in the DRHP. Any grievance that Sanmei may have regarding the books of accounts of Stallion including in relation to the notional loss and import transactions of goods, if any, should be agitated before the appropriate forum and not before SEBI. We state that we have fully complied with our duty as book running lead manager to the Issue and have conducted impartial and proper due diligence. We have relied on the experts viz. the Statutory Auditors of Stallion as regards the preparation and contents of the financial statements of Stallion and made disclosures in the DRHP basis our understanding of such financial statements read with other relevant documents.
8. With reference to paragraph 4 of the Complaint, we deny that there are any irregularities in the books of account of Stallion. We state that post due deliberations and reconciliations, Stallion had taken a decision to write back an amount of INR 913.58 Lakhs pertaining to the Financial Year 2022-2023, as reflecting under income side of the Profit & Loss account under the heading "Other Income - Liabilities no longer required written back" of Financial year 2023.
9. With reference to paragraph 5 of the Complaint, we state that there are no glaring accounting irregularities in the financial statements of Stallion in the DRHP.
10. With reference to paragraph 6 of the Complaint, we state that till date, Sanmei has not filed any legal proceedings against Stallion for recovery of any amount from Stallion much less the purported operational debt. This clearly evinces that the Sanmei is aware that its claims are wrongful and improper especially in the light of its own failure to make complete and timely supply of products. Rather, by filing such false Complaint with SEBI, Sanmei is trying to arm-twist Stallion to make payment to it under false pretences and by maliciously attempting to obstruct and delay the initial public offer of the equity shares of Stallion. We state that we have carried out adequate diligence of Stallion and made appropriate disclosures in the DRHP as regards the disputes between Stallion and Sanmei. To provide comfort to Sanmei, though not necessary, Stallion has also proposed to amend the disclosure subject to the approval of SEBI and Stock Exchanges regarding the such disputes in the DRHP in manner given below:





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(A) Revised disclosure under Risk Factor chapter:

13. Zhejiang Sanmei Chemical Industry Co. Ltd. (Sanmei) have issued a notice through its Legal representative demanding USD 12,51,290.00. We are actively taking steps to respond appropriately to the notice issued by Sanmei and are prepared to defend our position in any legal proceedings.

The company and Sanmei have had multiple contracts in the past for supplying gases. In 2021, the company entered into more contracts with Sanmei to supply different refrigerants like R410a, R32, R407C, etc., which were delivered in returnable ISO-Tanks.

However, there's was a disagreement between the company and Sanmei. Sanmei's legal representative therefore escalated the issue by sending a demand notice on December 02, 2021, under the Insolvency and Bankruptcy Code, 2016, demanding \$12,51,290.00. However, there is no further proceedings.

The company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023 claiming that Sanmei failed to fulfill contractual obligations by not supplying gases as agreed. The company disputes any debt and will defend against any legal action from Sanmei. Later, the company received a rejoinder notice from Sanmei's advocates on January 08, 2024.

The issue/claim/counter-claim between the two parties is ongoing, and as of now, no proceedings are filed in any court of law and not under International court of Arbitration. However, if any legal proceeding is initiated against the company by Sanmei then that may result in adverse effects on the financial condition of the company.

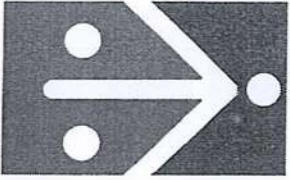
(B) Revised disclosure under Outstanding Litigations and Material Developments chapter:

"The Company and Zhejiang Sanmei Chemical Industry Co. Ltd ("Sanmei") have previously engaged in contractual agreements for the supply of various gases. In 2021, additional contracts were entered into between the Company and Sanmei for the supply of different refrigerants, such as R410a, R32, R407C, which were to be supplied in returnable ISO-Tanks.

A claim/counter-claim has arisen between the Company and Sanmei, prompting legal action from Sanmei's legal representatives. On December 02, 2021, Sanmei's legal representatives issued a formal notice under the provisions of the Insolvency and Bankruptcy Code, 2016 ("IBC, 2016"), asserting a claim amounting to \$12,51,290.00 against the Company.

The company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023 claiming that Sanmei failed to fulfill contractual obligations by not supplying gases as agreed. The company disputes any debt and will defend against any legal action from Sanmei. Following the Company's response, Sanmei's legal representative's sent a rejoinder notice dated January 08, 2024. It is to be noted that despite the exchange of communications between the parties, no formal insolvency proceedings have been initiated against the Company as on the current date no proceedings are filed in any court of law and neither under International court of Arbitration."





S A R T H I

You may please note that such revision is done only with a view to make the disclosure more comprehensive, though earlier version was with sufficient details to make the prospective Investors aware about the ongoing dispute between Sanmei and Stallion.

We trust the aforesaid fully clarifies your doubts.

Yours faithfully

For Sarthi Capital Advisors Private Limited

Taher Engineer
Compliance Officer



cc.

CC:

Mr. Rajesh Kumar Dangeti, Chief General Manager
Securities and Exchange Board of India
Corporation Finance Department
RAC-Division of Issue and Listing -II
SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051.



S A R T H I

July 10, 2024

K&P Law Associates,
#907, DLF Tower – A,
District Centre, Jasola,
New Delhi -110 025,
India.

Kind Attn: Ms. Alisha Saini, Advocate

Sub : Proposed Initial Public offering of Stallion India Fluorochemicals Limited (“Company/Issuer”).
Ref : Reply to letter dated July 3, 2024.

1. We, Sarthi Capital Advisors Private Limited refer to the letter dated July 03, 2024 addressed by yourselves viz. K&P Law Associates on behalf of your client Zhejiang Sanmei Chemical Industry Co., Ltd (“Sanmei”) to us in relation to the Draft Red Herring Prospectus dated March 20, 2024 filed by Stallion India Fluorochemicals Limited (“the Company” or “Stallion”) with Securities and Exchange Board of India (“SEBI”) and Stock Exchanges in pursuance of the Issue (“Complaint”).
2. Our responses below to the Complaint are based on the information and documents produced before us by Stallion in the course of the services rendered to them as book running lead manager to the Issue. It appears that the contents of the Complaint are incorrect, riddled with factual errors, patent absurdities, unsubstantiated allegations and damaging imputations, misrepresentation of facts and a blatant attempt to coerce Stallion and to wrongfully defame the image of Stallion and appear either motivated by ignorance of the facts, malice or worse.
3. At the outset, we deny each and every allegation and statement made by Sanmei in the Complaint and we hereby contest the contents of Complaint, as being totally false, fabricated, concocted and baseless and exhibit Sanmei’s devious malicious intentions of coercing and arm-twisting Stallion for extracting additional business profit.
4. At the outset, we state that the earlier drafted red herring prospectus dated December 18, 2023 filed by Stallion with SEBI was returned by SEBI and contents thereof are no longer applicable to the proposed Issue of the Company.
5. With reference to the opening paragraph of the Complaint, we deny that there have been several misstatements of facts in the DRHP with respect of any admitted commercial transactions of Sanmei with Stallion.
6. With reference to the paragraph (a) of the Complaint, we deny that we have failed or neglected to conducted due diligence of the affairs of Stallion in an impartial and judicious manner. We reiterate that we have made adequate and appropriate disclosure of the disputes between Sanmei and Stallion in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”). We deny that any of our actions are biased. We strongly oppose your client’s dishonest and wrongful attempt to have the commercial disputes between your client and Stallion being addressed and adjudicated through us as BRLM to the Issue. From the Complaint, it also appears that your clients lack an understanding of accounting principles typically applied by Indian companies and seem to be raising frivolous and untenable averments on the books of accounts of the Company simply with a view to delay resolution of the disputes between your clients and Stallion and to also harm Stallion by delaying its fund-raising activity. Your clients are well aware that the appropriate forum to deal with commercial disputes is neither a merchant banker nor SEBI and are simply engaging in correspondence riddled with factual and accounting inaccuracies with a view of delaying the Issue process. As a book running lead manager to the Issue, we have tried to appropriately clarify and to the extent required address the concerns of your client as regards disclosures in the DRHP by proposing to update the same to provide additional information concerning disputes between your clients and Stallion and by terming the same as “volte face” or “sea change”, your clients are completely misconstruing the contents of our letter dated June

Sarthi Capital Advisors Private Limited

CIN: U65190DL2012PTC238100

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Website: www.sarthi.in





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7. 25, 2024. We state that original disclosures made in the DRHP were also adequate so as to comply with the requirements of the SEBI ICDR Regulations and the updated disclosures suggested presently though not mandated under the SEBI ICDR Regulations, are only to address observations made by your clients.
8. With reference to the paragraphs (b) and (c) of the Complaint, we deny that we have failed to conduct due diligence of Stallion's financial records. We state that till the filing of the DRHP, your clients have raised no grievance as regards Stallion's financial records before any forum and it appears that such alleged grievance is only an afterthought made with malicious intentions of creating undue pressure and coercion on Stallion and having your client's commercial disputes adjudicated through SEBI and arising out of a complete and utter lack of understanding of your client as regards Indian accounting principles. We reiterate that original disclosures made in the DRHP were also in accordance with the requirements of the SEBI ICDR Regulations and the updated disclosures suggested presently, are only to address the concerns raised by your client. We also reiterate that the contents of this letter and our letter dated June 25, 2024 are based on the information and documents produced before us by Stallion as we are not privy to any disputes between Stallion and your clients.
9. With reference to the paragraph (d) of the Complaint, we state that the contents thereof are part of the commercial disputes between your clients and Stallion, which are subject matter of the notice dated December 02, 2021 issued by your clients to Stallion. All grievances raised therein ought to be adjudicated before an appropriate forum and not before SEBI or any merchant banker. We also reiterate the contents of our letter dated June 25, 2024.
10. With reference to paragraph numbered (1) of the Complaint, we deny that we do not have an impartial stance and we strongly object to such reckless and irresponsible allegations made against us. We are a SEBI registered book running lead manager and are part of the Sarthi Group which has a long-standing impeccable reputation as securities market intermediary and which offers services of investment banking, merchant banking, asset management, corporate advisory and NBFC service. Our executives have over three decades of experience in the financial services domain and are well-reversed with due diligence practices involved, particularly in initial public offerings. We reiterate that as regards verification of the books of accounts and other relevant documents, we have relied on the examination reports of the Statutory Auditors of Stallion on the financial statements of Sanmei and our review of relevant documents and made disclosures as per the same in the DRHP. Any grievance that Sanmei may have regarding the books of accounts of Stallion including in relation to the notional loss and import transactions of goods, if any, should be agitated before the appropriate forum and not before SEBI. We deny that the true and fair picture as regards the transactions between Stallion and your clients are not reflected in the DRHP.
11. With reference to paragraph numbered (2) of the Complaint, we deny that the DRHP contains any misstatements as regards transactions between Stallion and your clients. We deny that we have not carried out proper due diligence of the books of accounts of Stallion. We state that your clients are either completely unaware of the due diligence practices followed in transactions like the Issue or are deliberately trying to spread misinformation that book running lead managers cannot rely upon reports of statutory auditors in initial public offerings. In any event, your clients have raised no grievance before appropriate forums as regards books of account of the Company and no verified information has been brought before SEBI by your clients concerning any error in the books of accounts of the Company. Your clients will appreciate that Statutory Auditors of the Company are persons of independent standing and repute and they have put forth their professional opinion on the books of account of the Company after following due procedures. In fact, the SEBI ICDR Regulations mandate the book running lead manager to obtain examination reports from the Statutory Auditors of the issuer company and include the same in the offer documents, which we have duly done in the present instance. Your client's opinion on accounting practices appears to vary with that of the professional opinion of the Company's Statutory Auditor. However, as book running lead manager to the Issue, we are bound to rely on the contents of the examination report of the Statutory Auditor.
12. With reference to paragraph numbered (3) of the Complaint, your clients have no locus to ask for the explanations on the accounting treatment that we may have sought from Stallion. Based on the information obtained from the Company and its Statutory Auditors, which is more particularly detailed in the subsequent paragraphs, it appears to us that the said liability pertaining to your clients was written back in FY 2022-23, where the books of accounts were prepared and maintained in accordance with the Accounting standards.





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(Previous GAAP) then applicable. It also appears that the write back was made relying on the paragraph 52 of the Accounting Standard 29 replicated below for ease of reference:

Paragraph 52 of the Accounting Standard 29

"Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision should be reversed."

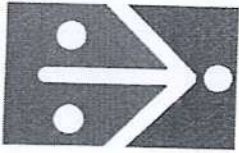
The line of reasoning that were relied on are as under:

- a. Existence of dispute,
- b. No legal proceeding initiated by Sanmei following issuance of notice dated December 02, 2021, under the provisions of the Insolvency and Bankruptcy Code, 2016 despite of lapse of 20 months from the date of issue of notice on the date of signing of FY 2022-23 accounts.
- c. SANMEI has been silent about the matter for almost 20 months as of the signing date of FY23 books.
- d. In view of the management, the probability of an outflow of resources embodying economic benefits is 0%. Additionally, there exists a potential counterclaim that the Company could initiate against Sanmei for loss of business.

Hence, the write back was approved by the management of the Company.

13. In relation to treatment of write backs as contingent liabilities, the Company placed reliance on above discussion and is of the view that there is no possible obligation that is required to be settled in future.
14. Further, the Company has adopted Indian Accounting Standards (Ind AS) w.e.f. April 01, 2023, and has consistently applied these standards for all the reported previous periods including but not limited to FY 2022-23 as if they were in existence since commencement of such period as per the guidance provided in Ind AS 101 First-time Adoption of Indian Accounting Standards with mandatory exceptions and exemptions as allowed under the said Ind AS.
15. On conversion of Previous GAAP financials to Ind AS complied financials, the Company has relied on the critical guidance provided on "Mandatory Exception" in Ind AS 101 Paragraphs 14-17 of Ind AS 101 deal with mandatory exception with regard to 'estimates'. As per paragraph 14 of Ind AS 101, an entity's estimates in accordance with Ind AS at 'the date of transition to Ind AS' or 'the end of the comparative period presented in the entity's first Ind AS financial statements', as the case may be, should be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.
16. In case of the Company's restated Ind AS financials statements filed with SEBI as part of DRHP, the transition date for Ind AS adoption is April 01, 2022, and the comparative periods are FY 2021-22 and FY 2022-23. Hence, in these periods the Company has applied exception as provided in Ind AS 101 on estimated outflow with respect to the disputed dues and no modifications were made to the write back figures in absence of any objective evidence of error. Further, during the 6 months stub period September 2023, as there was no development on the matter till signing of the September 2023 stub period financials i.e. November 2023 and non-existence of any objective evidence of error, the company relied on the circumstances existed as on the date of signing March 2023 financials and no changes were carried out in the stub period September 2023 financials.
17. We understand that your clients have not raised any disputes on the earlier financial statements of the Company filed with the Registrar of Companies and the present grievance on the accounting treatment is raised simply to cause nuisance to the Company and with an ulterior motive to derail their Issue process.
18. With reference to paragraph numbered (4) of the Complaint, it appears that the Company has adhered to the requirement of Schedule III of the Companies Act, 2013 and has prepared its financials providing adequate disclosure. The write back amount is not disclosed as Miscellaneous non-operating income.





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disclosed clearly as "Liabilities no longer required written back" as part of the Other Income note in the restated financial statements which forms part of the DRHP filed with SEBI.

19. With reference to paragraphs numbered (4)(i) to 4(vi) of the Complaint, it appears that the Company has adhered to the requirement of Schedule III of the Companies Act, 2013 and requisite Ind AS and has prepared its financials providing adequate disclosure. The write back amount is not disclosed as Miscellaneous non-operating income, rather, it is disclosed clearly as "Liabilities no longer required written back" as part of the Other Income note in the restated financial statements which forms part of the DRHP filed with SEBI.
20. It may be noted that in accordance with Ind AS 109 – Financial Instruments, Paragraph 3.3 Derecognition of financial liabilities, the Company on conversion of Previous GAAP financials to Ind AS financials has relied upon circumstances existed during the preparation of financials statements under Previous GAAP and the discussion noted during the write back and concluded under Ind AS 109 the financial liability derecognized under previous GAAP need not to be re-recognised under Ind AS, as the liability stands extinguished in absence of any further action from the SANMEI's end.
21. In light of the explanations given above, there is no requirement for any investigation or inspection by SEBI or the Institute of Chartered Accountants of India. We are shocked by the underhanded behaviour of your client in giving directions to us to approach such authorities in public interest. Your clients themselves have not approached any appropriate forum for obtaining any reliefs that they propose to obtain through our means.
22. With reference to paragraphs numbered (5) and (6) of the Complaint, we state that there are no glaring accounting irregularities or misstatements in the books of account of Stallion pertaining to the transactions between Stallion and your clients. We deny that the books of account of Stallion do not reflect the true and correct picture of its state of affairs. We state that we have conducted appropriate due diligence of Stallion as required under the SEBI ICDR Regulations. We have proposed certain updates to the disclosures in DRHP, though not mandated under the SEBI ICDR Regulations, in view of the observations made by your clients. Any other grievance your clients have as regards Stallion and its affairs ought to be taken up by them before an appropriate forum.
23. Further, the Company has received a complaint addressed by you through SCORES regarding the commercial transaction between Sanmei and Stallion. Consequently, we have included those details in the previously proposed risk factor which is provided herein below:

Revised disclosure under Risk Factor:

13. **Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei") has issued a notice through its Advocates demanding USD 12,51,290.00 from the Company in relation to certain commercial transactions between the Company and Sanmei. Any adverse outcome of the disputes between the parties pertaining to the subject matter of the notice may adversely affect our reputation, business, operations, financial condition and results of operations**

The Company and Sanmei have had multiple contracts in the past for supplying gases. In the year 2021, the Company entered into more contracts with Sanmei to supply different refrigerants like R410a, R32, R407C, etc., which were delivered in returnable ISO-Tanks.

However, there's was a disagreement between the company and Sanmei. Sanmei's legal representatives therefore escalated the issue by sending a demand notice on December 02, 2021, under the Insolvency and Bankruptcy Code, 2016, demanding \$12,51,290.00 ("Notice"). However, there is no further proceedings.

The Company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023 stating that Sanmei failed to fulfill contractual obligations by not supplying gases as agreed. Thereafter, the Company also received a rejoinder notice from Sanmei's advocates on January 08, 2024. The Company disputes such alleged debt and will defend against any legal action from Sanmei. Further, the Company





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has also received a complaint on SCORES dated June 21, 2024 and the Company has duly replied to the same vide letter dated June 27, 2024.

The issue/claim/counter-claim between the two parties is ongoing, and as of now, no proceedings are filed in any court of law or before any arbitral tribunal by Sanmei. Further, there can be no assurance that the Company will not receive further complaints from Sanmei in the future. However, if any legal proceeding is initiated against the Company by Sanmei, then that may result in adverse effects on the financial condition of the company. It may divert the attention of our Management and Promoters and we may incur significant expenses in such proceedings, which could increase our expenses and liabilities. If such claim is determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations.

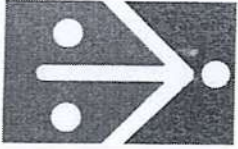
We trust the aforesaid fully clarifies the matter.

Yours faithfully

For Sarthi Capital Advisors Private Limited

Taher Engineer
Compliance Officer





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July 25, 2024

K&P Law Associates,
#907, DLF Tower - A,
District Centre, Jasola,
New Delhi -110 025,
India.

Kind Attention: Ms. Alisha Saini, Advocate

Dear Sirs,

Sub: Proposed Initial Public Offering of Equity Shares of Stallion India Fluorochemicals Limited ("Company" or "Issuer") ("the Issue")

Re: Reply to letter dated July 16, 2024 addressed by Stallion India Fluorochemicals Limited in the Draft Red Herring Prospectus dated March 20, 2024 filed by it with Securities and Exchange Board of India

1. We, Sarthi Capital Advisors Private Limited refer to the letter dated July 16, 2024 addressed by yourselves viz. K&P Law Associates on behalf of your clients Zhejiang Sanmei Chemical Industry Co., Ltd ("Sanmei") to us in relation to the Draft Red Herring Prospectus dated March 20, 2024 filed by Stallion India Fluorochemicals Limited ("the Company" or "Stallion") with Securities and Exchange Board of India ("SEBI") in pursuance of the Issue ("Complaint").
2. Our responses below to the Complaint are based on the information and documents produced before us by Stallion in the course of the services rendered to them as book running lead manager to the Issue. It appears that the contents of the Complaint are incorrect, riddled with factual errors, patent absurdities, unsubstantiated allegations and damaging imputations, misrepresentation of facts and a blatant attempt to coerce Stallion and to wrongfully defame the image of Stallion and appear either motivated by ignorance of the facts, malice or worse.
3. At the outset, we deny each and every allegation and statement made by Sanmei in the Complaint and we hereby contest the contents of Complaint, as being totally false, fabricated, concocted and baseless and exhibit Sanmei's devious malicious intentions of coercing and arm-twisting Stallion for extracting additional business profit. Nothing contained in the Complaint is admitted by us and we deny each and every allegation, contention, statement, averment and claim made in the Complaint and all previous Complaints addressed by you to us.
4. At the outset, we state that the earlier draft red herring prospectus dated December 18, 2023 filed by Stallion with SEBI was returned by SEBI and contents thereof are no longer applicable to the proposed Issue of the Company.
5. With reference to the opening paragraph of the Complaint, we deny that there have been several misstatements of facts in the DRHP with respect of any admitted commercial transactions of Sanmei with Stallion.
6. With reference to the paragraph 2 of the Complaint, we deny that we are deliberately shying away from carrying out due diligence into the books of accounts of Stallion, particularly in relation to the accounting treatment of the transactions between Stallion and Sanmei as the same will have substantial adverse effect on the financial health of Stallion in future, as alleged or otherwise. We reiterate that we have made adequate and appropriate due diligence of the matters as mandated by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and have accordingly made adequate and appropriate disclosure of the disputes between Sanmei and Stallion in accordance with the requirements of SEBI ICDR Regulations. We state that your clients are either completely unaware of the due diligence practices followed in transactions like the Issue or are deliberately trying to spread misinformation that book running lead managers cannot rely upon reports of statutory auditors in initial public offerings. In any event, your clients have raised no grievance before appropriate forums as regards books of account of

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the Company and no verified information has been brought before SEBI by your clients concerning any error in the books of accounts of the Company. Attempts of your clients in this regard are in the nature of witch hunting and shooting in dark and lack details thereby confirming that their allegations concerning Stallion's books of account are false, concocted and baseless.

Your clients will appreciate that Statutory Auditors of the Company are persons of independent judgement, standing and repute and they have put forth their professional opinion on the books of account of the Company after following due procedures. In fact, the SEBI ICDR Regulations mandate the book running lead manager to obtain examination reports from the Statutory Auditors of the issuer company and include the same in the offer documents, which we have duly done in the present instance. We are well aware of duties as merchant banker in a capital raising activity and to the best of our understanding, we have not relied on incorrect books of account reflecting inflated profits.

7. **With reference to the paragraph 3 of the Complaint**, we deny that any averments made in your replies to the various complaint and rejoinders addressed by you to us, reflect any bias as alleged or otherwise. We reiterate that we have followed the necessary procedure of verifying and making disclosure mandated in the DRHP as per the SEBI ICDR Regulations. Your client's opinion on accounting practices appears to be without any basis or professional background and therefore bound to vary with that of the professional opinion of the Company's Statutory Auditor. However, this dispute between Stallion and your clients on books of accounts cannot be debated and resolved through us.
8. **With reference to paragraph 4 of the Complaint**, your clients have no locus to question the same. Your clients' allegation of misstatements being made by Stallion in the DRHP filed with SEBI as regards transactions between Stallion and your clients appears to be is false, misleading and concocted based on the documents and information furnished to us by Stallion.
9. **With reference to paragraph 5 of the Complaint**, we deny that there are any misstatements and incorrect accounting treatment made in the DRHP.
10. **With reference to paragraph 6 of the Complaint**, we deny that any deliberate misstatements are made in the DRHP and state that we have carried out adequate due diligence of Stallion as mandated by the SEBI ICDR Regulations. You may note that since the disputes between Stallion and your clients remain unresolved on date and since your clients have for obvious reasons not approached any appropriate forum for reliefs, the disclosures proposed to be made by us in the DRHP are appropriate. We may point out that disclosures made in the DRHP are based upon the demand notice on December 02, 2021, under the Insolvency and Bankruptcy Code, 2016, demanding \$12,51,290.00 ("Notice") issued by you on behalf of Sanmei. Kindly note that the disclosures in the DRHP pertain to matters covered by this Notice. Your clients seem to have belatedly, as an afterthought, raised the issue of certain tanker related payment in the Complaint which in any event was not claimed under the Notice. Please also note that any submissions made by us in this letter and our previous letters to you are necessarily based upon the documents and information provided by Stallion. Your clients have repeatedly approached us with what appear to be false claims concerning their dispute with Stallion and we accordingly are left with no choice but to convey to your clients the facts of the dispute as are disclosed to us by Stallion.
11. **With reference to paragraph 7 of the Complaint**, we deny that any changes proposed to be made to the previous disclosures in the DRHP were inadequate / incomplete. We reiterate that the proposed changes are only made with a view to make the disclosure more comprehensive, though earlier version was with sufficient details to make the prospective Investors aware about the ongoing dispute between Sanmei and Stallion.
12. **With reference to paragraph 8 of the Complaint**, we deny the contents of paragraphs (b) and (c) of your Rejoinder dated July 3, 2024. We reiterate that till the filing of the DRHP, your clients have raised no grievance as regards Stallion's financial records before any forum and it appears that such alleged grievance is only an afterthought made with malicious intentions of creating undue pressure and coercion on Stallion and having your client's commercial disputes adjudicated through SEBI. We state that any dispute that your clients may have against Stallion ought to be agitated before an appropriate forum. Your clients have failed to conclusively prove any illegality in the books of account of Sanmei before any appropriate forum and it appears to us that all such allegations are merely an attempt to thwart the Issue contemplated by Stallion. We reiterate that as regards verification of the books of accounts and





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- other relevant documents, we have relied on the examination reports of the Statutory Auditors of Stallion on the financial statements of Stallion and our review of relevant documents and made disclosures as per the same in the DRHP which in our view are adequate and appropriate.
13. With reference to paragraph 9 of the Complaint, we deny the contents thereof. We state that Sanmei's claims as regards alleged misstatements made by Stallion in DRHP are false and baseless. We reiterate that the proposed changes are only made with a view to make the disclosure more comprehensive, though earlier version was with sufficient details to make the prospective Investors aware about the ongoing dispute between Sanmei and Stallion.
 14. With reference to paragraph 10 of the Complaint, we deny the contents thereof. We deny that there is any resistance to carrying out due diligence, there is any change in position or existence of any bias, as alleged or otherwise. Your clients have failed to appreciate that we are neither a disputing party nor a judicial forum which determines merits of the matter. More importantly, your clients have failed to understand that it is duty of the book running lead manager to make disclosure outstanding litigations in the DRHP. While legal proceedings have been filed by you before the appropriate courts, we have nevertheless made appropriate disclosures in the DRHP based on the Notice. Your clients have not filed any legal proceedings against Stallion and are simply putting across various claims which only remain at notice stage. As a book running lead manager to the issue, we have done our duty as per SEBI ICDR Regulations. Given the extent of correspondence being exchanged with us, it appears that your clients have an ulterior motive of harassing us and Stallion and create nuisance as they are aware that they have no real grounds to file legal proceedings against Stallion. It is our view that the disclosures made in the DRHP and the updated disclosures proposed to be made in the DRHP are in line with the Notice and exchange of communication between Stallion and Sanmei.
 15. With reference to the paragraph 11 of the Complaint, we state that we have exercised due diligence regarding the veracity and adequacy of disclosure in the DRHP. We deny that we are acting in a biased manner. We state that we are not the appropriate forum to investigate the books of account of Stallion and any grievance that Sanmei has as regards the same should be dealt with by them in an appropriate forum. We reiterate that we have relied on the report of the Statutory Auditors of Stallion pertaining to the books of account of Stallion, for the purpose of making disclosures in the DRHP.
 16. With reference to the paragraph 12 of the Complaint, in addition to the explanations provided in our letter dated July 10, 2024, we understand from the management and the Statutory Auditors of the Company that as regards write-back of the liability pertaining to your clients, the same was made placing reliance on Accounting Standard 29 (Provisions, Contingent Liabilities and Contingent Assets)
 17. The liability with respect to your clients was recorded as trade payable and not as provision in the financial statements of the Company for financial year ended March 31, 2022. Trade payables are financial liability (a financial instrument). There are no specific Accounting Standards notified by the Ministry of Corporate Affairs on recognition and measurement of financial instruments. Accounting Standard 20 defines Financial Instrument as under:

"A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity shares of another enterprise."
 18. Further, a financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Accounting Standard 29 deals with provisions and contingent liabilities. It also deals with financial instruments not measured at fair value (refer paragraph 2 of Accounting Standard 29). The Company's trade payables are financial liabilities which are measured at cost (not at fair value). Therefore, the management has relied on Accounting Standard 29 guidance on measurement criteria and the same has been applied in determining the aforesaid writeback.
 19. With reference to the paragraph 13 of the Complaint, we state that proposed amendments to the disclosures pertaining to adverse effects on the financial condition of the Company are in relation to





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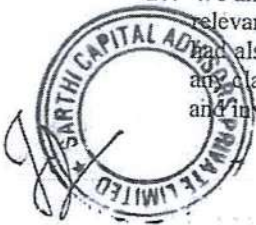
- legal costs amongst others, that Stallion may incur in defending its position, should any legal proceedings be initiated by your client which till date are not filed before any appropriate forum. We also understand that the amounts disputed by Sanmei were included in the trade payables for the financial ended March 31, 2022. Therefore, the relevant amount was written back in financial year ended March 31, 2023 and are reflected under the head "Liabilities no longer required written back" in the Restated Financial Statements of the Company.
20. With reference to the paragraphs 14, 15 and 16 of the Complaint, we reiterate the contents of our letter dated July 10, 2024.
 21. With reference to the paragraph 17 of the Complaint, we deny that there are any accounting irregularities in the books of account of Stallion. Sanmei's false allegations regarding the same appear to be a clear attempt to extract additional business profit by putting Stallion under duress. As per our understanding, no illegality is done by Stallion in its books of account and the same financial statements of Stallion disclosed in the DRHP are certified by its Statutory Auditors who have a well-regarded professional judgement and reputation. The present Complaint appears to reinforce the intent of Sanmei in raising the accounts irregularities to cause any nuisance to Stallion and to us with an ulterior motive of derailing the Issue process.
 22. With reference to the paragraph numbered 18 and 19 of the Complaint, we state that it appears that the Company has adhered to the requirement of Schedule III of the Companies Act, 2013 and has prepared its financials providing adequate disclosure. The write back amount is not disclosed as Miscellaneous non-operating income, rather, it is disclosed clearly as "Liabilities no longer required written back" as part of the Other Income note in the restated financial statements which forms part of the DRHP filed with SEBI. Kindly note that these restated financial statements are restated in accordance with the SEBI ICDR Requirements. We also submit that the audited financial statements of the Company in respect of the financial year ended March 31, 2023 showed the income resultant of write-back as "Sundry balance w/back (Net)", as the management of the Company was of the view that the said disclosure was adequate at that time. However, the Form AOC-4 XBRL reflects the same as miscellaneous non-operating income as there was no column to mentioned "Sundry balance w/back (Net)" and the XBRL software would not allow to proceed with filing the form without mentioning a figure in the suitable column. Therefore, other income of Rs.7.65 lakhs along with "Sundry balance w/back (Net)" of Rs.926.05 lakhs aggregating to Rs.933.70 lakhs was suitably mentioned as miscellaneous other non-operating income in the XBRL format of Form AOC-4. However, in the signed audited financial statements of the Company in respect of the financial year ended March 31, 2023, the amounts are classified appropriately under Notes 15 and 16. The Restated Financial Statements were required to be the financial statements of the Company restated in accordance with the SEBI ICDR Regulations and were required to comply with newly adopted Indian Accounting Standard. The Restated Financial Statements were also required to be such that the prospective investors of Stallion are provided with additional information to make informed decision regarding investment in Stallion. Hence, write back amount being a material amount has been disclosed as separate line item.
 23. With reference to the paragraph 20 of the Complaint, we repeat and reiterate the contents of our letter dated July 10, 2024. We state that there is no requirement for any investigation or inspection by SEBI or the Institute of Chartered Accountants of India. We are shocked by the underhanded behaviour of your client in giving directions to us to approach such authorities in public interest. Your clients themselves have not approached any appropriate forum for obtaining any reliefs that they propose to obtain through our means.
 24. With reference to the paragraph 21 of the Complaint, we deny that we are acting in a biased manner by relying upon the information provided by Stallion and their Statutory Auditors without verifying the same, as alleged or otherwise. We state that we understand that the disputes between Sanmei and Stallion are ongoing and have not been settled before or adjudicated by any appropriate forum. Sanmei itself may have a biased view as regards its own position. We are not aware whether the information and documents are true and completed as Sanmei has failed to produce order of any judicial authority confirming the said position. Sanmei has utterly failed to understand that investigation of the books of account of Stallion is not within our ambit. We have relied on the professional opinion/report of the Statutory Auditors who are qualified to prepare financial statements of an IPO bound company and find such report to be satisfactory. If Sanmei has any grievance on the books of account of Stallion and





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- seek investigation of the same, it may approach the appropriate forum as neither us nor SEBI are an appropriate forum for such.
25. With reference to the paragraph numbered 22-23 of the Complaint, we deny that here are glaring accounting irregularities in the books of accounts of Stallion pertaining to the transactions between Stallion and Sanmei. We reiterate that we have conducted appropriate due diligence of Stallion as required under the SEBI ICDR Regulations. We deny that the previous disclosures in the DRHP were inadequate / incomplete and we deny that any proposed updates to disclosures in the DRHP are due to any merits of in the Complaints / Rejoinders addressed by you on behalf of Sanmei and we find no such merit in them. We deny that proposed changes are being made are deliberately misleading or are a desperate attempt to create a false narrative that undermines the contents of Sanmei's Complaints/Rejoinders. We state that the changes suggested to the DRHP are only to make the disclosure more comprehensive though earlier version was with sufficient details to make the prospective Investors aware about the ongoing dispute between Sanmei and Stallion. We deny that the proposed changes in the disclosures are arbitrary and based on incorrect information provided by Stallion. We deny that there are material contradictions between the books of account of the Company and the Restated Financial Statements / Auditors Report for the relevant period, particularly regarding the transactions between STALLION and SANMEI and also deny that the financial statements in the DRHP do not reflect the true and correct picture of state of affairs of Stallion.
26. Based on the information provided by Stallion, we understand that the claim of USD4,11,150.00 (US Dollars Four Lakh Eleven Thousand One Hundred Fifty Only) towards delay in returning the Containers is false and concocted. We have been given to understand that all containers have been returned to Sanmei and the containers could not be returned earlier to your clients due to their own delay in providing the relevant shipping line and contract number and the same had caused Stallion to incur heavy ground rent and also liability to shipping company against its bank guarantee bond. Your clients' claim as regards adjustment of a sum of USD 210,000.00 [US Dollars Two Lakh Ten Thousand Only] are false, concocted and deceitful. It has been explained to us that K & P Law Associates had provided Stallion with the the account statements of Sanmei where Sanmei had shown a deposit of US\$210,000 against the containers yet to be returned to Sanmei by Stallion. Sanmei had claimed that 37 containers were yet to be released by Stallion to it. In the initial request to return these containers, the representative of K&P Law Associates who had visited Stallion's office, had verbally offered that if Stallion returns the empty containers then this deposit of USD 210,000.00 [US Dollars Two Lakh Ten Thousand Only] can be reduced from outstanding claims against Stallion by Sanmei. Sanmei and the representatives of K&P Law Associates were shocked when they realized that 27 tanks had already been returned to Sanmei and only 10 tanks remained in India and that too because Sanmei, due to high return freight rates in that period, deliberately did not provide return freight contract number and shipping company details with whom Sanmei has a contract to Stallion. Accordingly, these containers were stuck in India until Sanmei provided the details for enabling their return. Stallion had demonstrated to Sanmei that the containers are incurring very high ground rent causing a loss to Stallion and are also blocking release of the liability under the Bond Bank Guarantee (for the value of the ISO Tank) that was given by Stallion to the shipping company for the safeguard and return of the containers. After providing such explanations, Sanmei who till then was not following up or even providing contract numbers and shipping line name, promptly provided the contract number and shipping line for return prepaid freight and then the containers were shipped out immediately. Thereafter, when Stallion raised the request for corrected accounts showing the adjustment of USD 210,000.00 [US Dollars Two Lakh Ten Thousand Only] shown as deposit in the name of Stallion, it was found that this is not money received from Stallion by Sanmei but the arbitrary reduction of an amount from the credit limit Stallion had with Sanmei. This confirmed Stallion's claim that Sanmei used every manipulation to deny Stallion material and default on the signed contracts and making false documents.
27. We understand that the delay for return of empty containers is due to delays by Sanmei in providing the relevant information as stated above and due to the COVID-19 lockdown period wherein a force majeure had also been declared by Stallion by way of issuance of a notice to Sanmei in April 2021. Therefore, any claim of Sanmei for delay in return of containers during the force majeure period is also infructuous and invalid.





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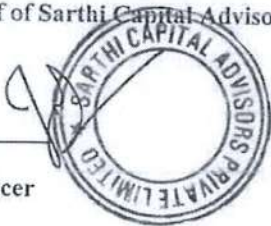
28. More importantly, the delay in return of containers can be fully attributed to Sanmei taking advantage and not wanting to pay the very high freight rates in that period and hence delaying and not providing the return freight contract numbers and shipping line name to allow Stallion to send the containers back.
29. We state that the time period between receipt of the statutory notice dated December 2, 2021 issued under the Insolvency and Bankruptcy Code, 2016 and the reply of Stallion thereto have no bearing on the DRHP and the Issue process and are simply inflated claims of Sanmei to deter the Issue process.
30. We deny that the DRHP contains misstatements and selective disclosures regarding the transaction between Stallion and Sanmei. We state that the claim of USD 4,11,150.00 [US Dollars Four Lakh Eleven Thousand One Hundred Fifty Only] towards alleged delay in returning the containers is not disclosed in the DRHP as the delay was made by Sanmei in picking up containers of which Sanmei is well aware and was not made part of the statutory notice dated December 2, 2021 issued under the Insolvency and Bankruptcy Code, 2016 which is the matter disclosed in the DRHP. We deny that there are several accounting irregularities which Stallion has indulged in with the aim of deriving undue benefits by inflating profits. We also understand from the management of Stallion that the claim of USD 4,11,150.00 [US Dollars Four Lakh Eleven Thousand One Hundred Fifty Only] towards alleged delay in returning the containers is false and concocted and no legal proceedings have been filed by Sanmei against them for pursuing such claim. Accordingly, in the absence of any formal complaint being filed before the appropriate courts for recovery of the USD 4,11,150.00 [US Dollars Four Lakh Eleven Thousand One Hundred Fifty Only] from Stallion, as such, no disclosure is required to be made of such claim in the chapter on 'Outstanding Litigations and Material Developments' of the DRHP. However, in order to make the disclosure regarding the disputes between Stallion and Sanmei more comprehensive, it is proposed to update the relevant risk factor and corresponding disclosure under the the chapter on 'Outstanding Litigations and Material Developments' of the DRHP in the manner given in hereto, though earlier version was with sufficient details to make the prospective investors aware about the ongoing dispute between Sanmei and Stallion.
31. We deny that the matter requires proper investigation by SEBI or any other appropriate authority as deemed fit by SEBI. We also deny that we have not conducted any due diligence of Stallion. We state that your clients are aiming to gain additional business profit by derailing the Issue process and making false allegations against us. The fact that your clients have not approached any relevant forum to obtain reliefs as sought by them but are choosing to simply write letters to us evidences that their claims are baseless and that they have no real grounds to claim the concocted reliefs. Your repeated letters to us simply exhibit that your clients only have a view to cause nuisance and there is no real interest in protection of rights of common investors. We request you to cease from exchanging any further correspondence with us and with SEBI on the subject matter of the Complaint.

We trust the aforesaid fully clarifies the matter.

Yours faithfully

For and on behalf of Sarthi Capital Advisors Private Limited

Taher Engineer
Compliance Officer



Annexure A

(A) Revised disclosure under Risk Factor chapter:

13. Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei") has issued a notice through its Advocates demanding USD 12,51,290.00 i.e Rs. 949.85 lakhs from the Company in relation to certain commercial transactions between the Company and Sanmei. Any adverse outcome of the disputes between the parties pertaining to the subject matter of the notice may adversely affect our reputation, business, operations, financial condition and results of operations

The Company and Sanmei have had multiple contracts in the past for supplying gases. In the year 2021, the Company entered into more contracts with Sanmei to supply different refrigerants like R410a, R32, R407C, etc., which were delivered in returnable ISO-Tanks.

However, there's was a disagreement between the company and Sanmei. Sanmei's legal representatives therefore escalated the issue by sending a demand notice on December 02, 2021, under the Insolvency and Bankruptcy Code, 2016, demanding \$12,51,290.00 ("Notice"). However, there is no further proceedings.

The Company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023 stating that Sanmei failed to fulfill contractual obligations by not supplying gases as agreed. Thereafter, the Company also received a rejoinder notice from Sanmei's advocates on January 08, 2024. The Company disputes such alleged debt and will defend against any legal action from Sanmei. Further, the Company has also received a complaint on SCORES dated June 21, 2024 and the Company has duly replied to the same vide letter dated June 27, 2024.

Further, Sanmei's legal representatives have also addressed notices to the Company demanding payment of USD 4,11,150.00 (US Dollars Four Lakh Eleven Thousand One Hundred Fifty Only) from the Company towards delay in returning certain containers which claim is challenged by the Company.

The issue/claim/counter-claim between the two parties is ongoing, and as of now, no proceedings are filed in any court of law or before any arbitral tribunal by Sanmei. Further, there can be no assurance that the Company will not receive further complaints from Sanmei in the future. However, if any legal proceeding is initiated against the Company by Sanmei, then that may result in adverse effects on the financial condition of the company. It may divert the attention of our Management and Promoters and we may incur significant expenses in such proceedings, which could increase our expenses and liabilities. If such claim is determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations.

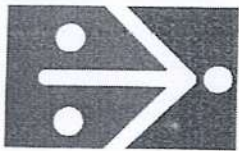
(B) Revised disclosure under Outstanding Litigations and Material Developments chapter:

"The Company and Zhejiang Sanmei Chemical Industry Co. Ltd ("Sanmei") have previously engaged in contractual agreements for the supply of various gases. In 2021, additional contracts were entered into between the Company and Sanmei for the supply of different refrigerants, such as R410a, R32, R407C, which were to be supplied in returnable ISO-Tanks.

A claim/counter-claim has arisen between the Company and Sanmei, prompting legal action from Sanmei's legal representatives. On December 02, 2021, Sanmei's legal representatives issued a formal notice under the provisions of the Insolvency and Bankruptcy Code, 2016 ("IBC, 2016"), asserting a claim amounting to \$12,51,290.00 against the Company.

The company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023 claiming that Sanmei failed to fulfill contractual obligations by not supplying gases as agreed. The company disputes any debt and will defend against any legal action from Sanmei. Following the





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Company's response, Sanmei's legal representative's sent a rejoinder notice dated January 08, 2024. Further, the Company has also received a complaint on SCORES dated June 21, 2024 and the Company has duly replied to the same vide letter dated June 27, 2024.

Further, Sanmei's legal representatives have also addressed notices to the Company demanding payment of USD4,11,150.00 (US Dollars Four Lakh Eleven Thousand One Hundred Fifty Only) from the Company towards delay in returning certain containers which claim is challenged by the Company.

It is to be noted that despite the exchange of communications between the parties, no formal insolvency proceedings have been initiated against the Company as on the current date no proceedings are filed in any court of law or before any arbitral tribunal in relation to the above by Sanmei."





S A R T H I

August 07, 2024

To,
K&P Law Associates,
#907, DLF Tower –A, District Centre,
Jasola, New Delhi - 110025

Kind Attn: Ms. Alisha Saini

Sub : Proposed Initial Public offering of Stallion India Fluorochemicals Limited ("Stallion" or "Company" or "Issuer") ("the Issue").
Ref : Your letter dated July 27, 2024 addressed to the Securities and Exchange Board of India.

This is in furtherance to our reply dated August 02, 2024 addressed to you, we hereby further submit that;

1. Based on the documents provided by the Company and after reviewing the Financial statement of the Company, we state that the amount claimed by Sanmei is shown as below in the audited financial statements and the Restated Financial Statements of the Company:

Particulars	Audited Financials		Restated Financials	
	Head	Sub-Head	Head	Sub-Head
Amount recognised in FY 2021-22	Trade Payable	Others	Trade Payable	Others
Amount Written off in FY 2022-23	Other Income	Sundry Balance W/back (Net)	Other Income	Liabilities no longer required written back

2. We further submit that, we have been informed by the Statutory Auditors of the Company that the audit of the Company for FY24 for the period October 2023 to March 2024 is in progress. The Statutory Auditors of the Company have received the documents and correspondence exchanged with respect to the alleged liability owed to Zhejiang Sanmei Chemical Inc. Co Ltd ("Sanmei") which has been written back in FY 2022-23 amounting to Rs. 949.85 lakhs, from the Company. In continuation of the discussion with the management of the Company, the preliminary view of the Statutory Auditors on the said transaction is as under:

"Points for consideration:

- a) *The said liability was recorded in FY21 and FY22 and written back in FY23 wherein the financial statements were audited by the statutory auditor of the Company i.e. Doshi Praveen & Co., Chartered Accountants.*
- b) *Audit for the period April 2023 to September 2023 and restatement of financials for the year FY21, FY22 and FY23 was carried out by the Statutory Auditors of the Company namely Mittal & Associates, Chartered Accountants.*

Accounting treatment adopted by the Company for treatment of the transactions with Sanmei in FY23 are as below:

Accounts of the Company for FY23 were not audited by the Statutory Auditors of the Company viz. Mittal & Associates, Chartered Accountants and they are not in a position to opine on the Audit Report issued by the erstwhile statutory auditors of the Company viz. Doshi Praveen & Co., Chartered Accountants, the financial statements and accounting treatment of the same in the books of the Company under applicable Accounting Standards at that point of time.

For the purposes of DRHP, the Statutory Auditors had audited the restated financial statements prepared by the management of the Company which included FY23 period as per SEBI ICDR Regulations which requires the audited financial statements to be restated for the below stipulated areas:

- Change in accounting policy;
- Prior-period error;
- Non-provisioning, regrouping, other adjustments;
- Audit qualifications;
- Change in estimates.



Sarthi Capital Advisors Private Limited

CIN: U65190DL2012PTC238100

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Corp. Off: 401, 4th Floor, Manek Plaza, 167, VidyaNagri Marg, Kalina, Santacruz (E), Mumbai- 400098; Tel: 022-26528671/72 Fax: 022-26528673

Website: www.sarthi.in



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Basis the representation received from the Company and placing the reliance on the Audit report of FY23 and post evaluating of the treatment of said transaction under Indian Accounting Standard 101 First-time Adoption of Indian Accounting Standards, the treatment of the said transaction with Sanmei was kept unchanged by the Statutory Auditor i.e. Mittal & Associates, Chartered Accountants.

The Accounting treatment that Mittal & Associates, Chartered Accountants, Statutory Auditors of the Company propose to adopt in FY24:

During the audit of interim financial statements, till the signing date i.e. November 14, 2023, as informed by the management there was no development in the said matter with Sanmei. Hence, no adjustments / disclosures were made in the financial statements for liability with respect to Sanmei.

As informed to us by the management of the Company, post filing of DRHP for Issue, the Company has received multiple correspondences from Sanmei on its claim which was written back by the Company in FY 2022-23. While as of now, no insolvency proceedings have been initiated against the Company by Sanmei and concurrently, efforts are also underway to resolve the dispute through negotiation and adherence to contractual terms, the Company intends to disclose this liability in its March 2024 financial statements as contingent liability which is in accordance with IND AS 37 Provisions, Contingent Liabilities and Contingent Assets."

3. We further submit that the audited financial statements of the Company in respect of the financial year ended March 31, 2023 showed the income resultant of write-back as "Sundry balance w/back (Net)", as the management of the Company was of the view that the said disclosure was adequate at that time. However, the Form AOC-4 XBRL reflects the same as miscellaneous non-operating income as there was no column mentioned "Sundry balance w/back (Net)" and the XBRL software would not allow to proceed with filing the form without mentioning a figure in the suitable column. Therefore, other income of Rs.7.65 lakhs along with "Sundry balance w/back (Net)" of Rs.926.05 lakhs aggregating to Rs.933.70 lakhs was suitably mentioned as miscellaneous other non-operating income in the XBRL format of Form AOC-4. However, in the signed audited financial statements of the Company in respect of the financial year ended March 31, 2023, the amounts are classified appropriately under Notes 15 and 16. We submit that the Company has adhered to the requirement of Schedule III of the Companies Act, 2013 and has prepared its financials providing adequate disclosure. The disputed amount which is the write back amount is not disclosed as Miscellaneous non-operating income, rather, it is disclosed clearly as "Liabilities no longer required written back" as part of the Other Income note in the restated financial statements which forms part of the DRHP filed with SEBI. The Restated Financial Statements were required to be the financial statements of the Company restated in accordance with the SEBI ICDR Regulations and were required to comply with newly adopted Indian Accounting Standard. The Restated Financial Statements were also required to be such that the prospective investors of Stallion are provided with additional information to make informed decision regarding investment in Stallion. Hence, write back amount being a material amount has been disclosed as separate line item and were mentioned as "Liabilities no longer required written back" under the head "Other Income" of the DRHP.
4. We further submit that, Doshi Praveen & Co., Chartered Accountants who were the statutory auditors of the Company and who had audited the financial statements of the Company for the Financial Year ended March 31, 2023 and issued their audit report dated July 03, 2023 thereon have stated that the Company has adhered to the Accounting Standards specified under Section 133 of the Companies Act, 2013 with reference to the write-back pertaining to Sanmei.

We trust the aforesaid fully clarifies the queries raised by you.

Please let us know if you require any further clarifications in this regard.

For Sarthi Capital Advisors Private Limited

Taher Engineer
Compliance Officer

