



**UNISTONE**

**ANNEXURE III**

June 5, 2023

**Securities and Exchange Board of India**

Corporation Finance  
Department Division of Issues  
and Listing SEBI Bhavan, Plot  
C4-A, G Block Bandra Kurla  
Complex Bandra (East) Mumbai  
400 051 Maharashtra, India

Dear Sir/ Madam,

**Re: PROPOSED INITIAL PUBLIC OFFERING OF UPTO 11,556,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF VALIANT LABORATORIES LIMITED ("THE COMPANY" OR THE "ISSUER", AND SUCH OFFERING, THE "ISSUE").**

We, Unistone Capital Private Limited as book running lead manager ("BRLM") to manage the Issue confirm as follows:

- (1) We have examined various documents including those relating to litigation, including commercial disputes, patent disputes, tax disputes, etc. and other documents in connection with the finalisation of the draft red herring prospectus dated June 5, 2023 ("DRHP") pertaining to the Issue.
- (2) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies, price justification and the contents of the documents and other papers furnished by the Company, we confirm that:
  - (a) the DRHP filed with the Securities and Exchange Board of India ("SEBI") is in conformity with the documents, materials and papers which are material to the Issue;
  - (b) all material legal requirements relating to the Issue as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
  - (c) the material disclosures made in the DRHP are true and adequate to enable the investors to make a well-informed decision as to the investment in the proposed Issue and such disclosures are in accordance with the requirements of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and other applicable legal requirements.
- (3) Besides ourselves, all the intermediaries named in the DRHP are registered with the SEBI and that until date such registrations are valid. **Complied with and noted for compliance.**



**UNISTONE CAPITAL PRIVATE LIMITED**

CIN - U65999MH2019PTC330850



**Registered Office :** A/305, Dynasty Business Park,  
Andheri Kurla Road, Andheri East, Mumbai - 400059.



**Admin Office:** 14th & 15th Floor, Dhukka Chambers,  
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- (4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. **Noted for compliance.**
- (5) Written consent from the Promoters has been obtained for inclusion of its Equity Shares as part of the promoter's contribution subject to lock-in and the Equity Shares proposed to form part of the Promoter's contribution subject to lock-in, shall not be disposed or sold or transferred by the promoter during the period starting from the date of filing the DRHP with the SEBI until the date of commencement of lock-in period as stated in the DRHP. **Complied with and noted for compliance.**
- (6) All applicable provisions of the SEBI ICDR Regulations, which relates to Equity Shares ineligible for computation of Promoter's contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the DRHP. **Complied with and noted for compliance.**
- (7) All applicable provisions of the SEBI ICDR Regulations which relate to receipt of Promoter's contribution prior to opening of the Issue, shall be complied with. We confirm that arrangements have been made to ensure that Promoter's contribution shall be received at least one day before the opening of the Issue. We undertake that auditor's certificate to this effect shall be duly submitted to the SEBI. We further confirm that arrangements have been made to ensure that the Promoter's contribution will be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Issue. **Not applicable.**
- (8) Necessary arrangements have been made to ensure that the monies received pursuant to the Issue are credited or transferred in a separate bank account as per the provisions of sub-section (3) of Section 40 of the Companies Act, 2013, as amended, and that such monies shall be released by the said bank only after permission is obtained from all the Stock Exchanges and that the agreement entered into between the Bankers to the Issue and the Company specifically contains this condition. **Noted for compliance.**
- (9) The existing business as well as any new business of the Company for which funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association of the Company or the charter of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. **Not applicable.**
- (10) Following disclosures have been made in the DRHP:
  - (a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company, excluding SR Equity Shares, where the Company has outstanding SR Equity Shares - **Complied with to the extent applicable and noted for compliance. There are no SR equity shares issued by the Company;** and
  - (b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI - **Complied with and noted for compliance.**
- (11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. **Noted for compliance.**





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(12) We certify that the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of SEBI ICDR Regulations. **Not applicable.**

We enclose in Annexure III A, a note explaining how the process of due diligence has been exercised by the BRLM.

We enclose in Annexure III B, a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the DRHP where the regulation has been complied with and our remarks, if any.

All capitalized terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the DRHP.

Thanking you, Sincerely,

For Unistone Capital Private Limited  
SEBI Registration No: INM000012449

Brijesh  
Jitendra  
Parekh

Digitally signed by Brijesh Jitendra Parekh  
DN: cn=Brijesh Jitendra Parekh, o=Unistone Capital Private Limited, email=brijesh.jitendra.parekh@unistone.com, postalCode=400004, serialNumber=1, c=IN  
Reason: I am the signatory



**Brijesh Parekh**  
**Director**

Enclosed: As above.



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**ANNEXURE III A**

**Note explaining the process of due diligence that has been exercised**

We have carried out due diligence exercise on the Company for the purposes of complying with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”) and other applicable laws, and to the extent that it is customary for initial public offerings of this nature in India, along with other professionals and experts engaged in the Issue. All capitalised terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the draft red herring prospectus dated June 5, 2023 (“**DRHP**”).

The due diligence process carried out by us and the Legal Counsel (defined below) commenced with in-person and virtual interactions with the Promoter, Chairman, Managing Director, Chief Financial Officer, Company Secretary and Compliance Officer, other members of the senior management of the Company to gain an understanding of the business of the Company, key risks involved, background of the Promoter and shareholders and financial overview of the Company, amongst others. In this regard, the Company was provided with a due diligence questionnaire and information requisition list prepared in consultation with the Legal Counsel (defined below). The Company provided supporting documents for review, diligence and gave explanations for queries raised. In order to facilitate such review, the Company set up an online data room where copies of such relevant documents were made available for undertaking the due diligence.

In the due diligence process, we were assisted by the Legal Counsel (defined below) and the Auditors (defined below). In this regard, Alliance Law (Mumbai) was appointed as the legal counsel to the Company as to Indian law (hereinafter referred to as, the “**Legal Counsel**”). The Legal Counsel has assisted us in carrying out the legal due diligence and drafting of the DRHP in compliance with the SEBI ICDR Regulations and advising the Company and us on other legal matters, in relation to the Issue, including for the purpose of issuing legal opinions in relation to the Issue to the BRLM, as applicable.

We were also assisted by the current statutory auditor of the Company, Raman S. Shah & Co, Chartered Accountants (“**Statutory Auditor**”) for the financial due diligence. In addition to preparation of the Restated Standalone Financial Statements, Restated Consolidated Financial Statements and providing examination report thereon, the Statutory Auditor has provided a statement of possible special tax benefits available to the Company and its shareholders. The Statutory Auditor has also verified details and provided certifications relating to *inter alia* the computation of the Company’s restated net tangible assets (on standalone and consolidated basis) (including the percentage thereof which are held in monetary assets), average restated operating profits (on standalone and consolidated basis), and restated net worth (on standalone and consolidated basis), to ascertain the eligibility for the Issue, compliance with corporate governance requirements and certain other certifications with respect to financial information included in the DRHP. The Statutory Auditors have confirmed that they hold valid peer review certificates issued by the peer review board of the Institute of Chartered Accountants of India. Further, Avinash Gangadhar Pandey, Partner of M/s. Orbit Consultants & Valuers, independent chartered engineers registered with the Institute of Engineers (India) (“**Independent Chartered Engineer**”) have provided certifications on the disclosures relating to (i) the existing production capacity of the Company’s Manufacturing Facility and capacity utilization; and (ii) Proposed Facility to be set up through the Company’s wholly-owned subsidiary at Saykha Industrial Area, Bharuch, Gujarat.



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The Statutory Auditors have also confirmed to us that all related party transactions have, unless otherwise disclosed in the Restated Financial Information, been entered into in accordance with applicable laws, on an arm's length basis.

The Statutory Auditors and Independent Chartered Engineer, have consented to be named as an expert, in terms of the Companies Act, 2013, in the DRHP and such consents have not been withdrawn as at the date of filing of the DRHP with the SEBI.

The Company has also placed reliance on the report titled "*Assessment of pharmaceutical API and speciality chemicals Industry in India*" dated May, 2023 prepared and issued by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited. ("**Industry Consultant**", and the report, the "**CRISIL Report**") for disclosures in relation to industry information in the DRHP. Further, the Company has received a written consent from the Industry Consultant to include extracts of the CRISIL Report in the DRHP, Red Herring Prospectus and Prospectus. The CRISIL Report has been commissioned and paid for by the Company exclusively for the purposes of the Issue.

#### **1. Business and Commercial Diligence**

The due diligence process in relation to general business and commercial matters included:

- (a) Organizing and attending kick-off meeting, transaction related calls with the Company officials including Promoter, Managing Director, Chief Financial Officer, Company Secretary and Compliance Officer and other members of the senior management of the Company to develop an understanding of the business of the Company, industry, regulatory environment, history of the Company, Subsidiary, and other related matters. The discussion was attended by the senior management of the Company (as mentioned above), along with respective representatives of the Legal Counsel, representatives of BRLM and the Statutory Auditor. A broad overview of the business of the Company, industry in which it operates, regulatory framework with respect to the business, the corporate structure, the capital structure, and financial statements and shareholding pattern of the Company was presented followed by interactive discussions. A physical visit of the registered office of the Company, the Manufacturing Facility and the Proposed Facility was conducted as a part of our diligence.
- (b) Regularly interacting with the senior management of the Company including the Promoter as well as the personnel from the finance, secretarial and legal departments such as the Chief Financial Officer, Company Secretary and Compliance Officer of the Company for the purpose of understanding the business, the risks involved and the financial overview of the Company, amongst other matters. These interactions included (i) virtual due diligence meetings, online drafting sessions and conference calls to discuss the disclosures in the DRHP, (ii) due diligence calls with the Statutory Auditors, Independent Chartered Engineer and Industry Consultant; (iii) seeking appropriate clarifications and certifications from the Company, the Statutory Auditors and Independent Chartered Engineer for key financial, operational data and other information; (iv) bring down due diligence calls to receive updated information from the Company before filing of the DRHP; (v) seeking appropriate certifications from the Company, Subsidiary, its Directors, Promoter, Promoter Group members, Group Companies, Key Managerial Personnel, Statutory Auditors and the Independent Chartered Engineer; and (vi) interacting with the Industry Consultant. These interactions were conducted with an objective to assist the Company to prepare disclosures as required under the SEBI ICDR Regulations, the Companies Act and other applicable laws with regard to the Issue. Accordingly, disclosures in respect of the business carried out by the





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Company as well as associated risks in relation thereto, have been made in the sections titled “*Our Business*” and “*Risk Factors*” in the DRHP. We expect these interactions and due diligence calls and discussions to continue until completion of the Issue.

- (c) Requesting the Company to make available the due diligence documents in virtual data room and reviewing those documents along with the Legal Counsel, based on the requirements under the SEBI ICDR Regulations and other applicable laws, as is customary in such transactions.
- (d) Virtual/telephonic interactions with the Key Managerial Personnel, to understand the Company’s day to day operations and to verify the disclosures being made in the DRHP.
- (e) Obtaining and relying on certificates from the Company, Subsidiary, Directors, Promoter, Promoter Group members, Group Companies, Key Management Personnel, Statutory Auditor, Independent Chartered Accountant, Independent Chartered Engineer, secretarial auditors, and other documents, including the CRISIL Report by the Industry Consultant, in support of certain disclosures made in the DRHP.
- (f) Obtaining and relying on formal representations and undertakings from the Company s in the Issue Agreement.
- (g) For certain information, relying on management certificates from the Company for ensuring compliance with the SEBI ICDR Regulations.
- (h) Assisting the Company in obtaining the CRISIL Report from Industry Consultant, commissioned and paid for by the Company for disclosures in relation to industry information in the DRHP. Further, necessary consent was obtained by the Company from the Industry Consultant to disclose the contents of its report in the DRHP.
- (i) Obtaining and relying on circle-ups from the Statutory Auditors on financial information and certain finance related information included in the DRHP. Obtaining and relying on circle-up from the Independent Chartered Accountant on certain financial, non-financial, operational and other business related information of the Company mentioned in the DRHP which were not part of the Restated Financial Information. Obtaining and relying on certifications from the Independent Chartered Engineer with respect to installed capacity and capacity utilisation of the manufacturing facility of the Company and the Proposed Facility.
- (j) Reviewing, together with the Legal Counsel, certain business related agreements and documents entered into to verify the disclosures made in this regard in the DRHP. Where such agreements, were large in number and standard in form, we have carried out our review on a sample basis to verify the disclosures made in this regard in the DRHP.
- (k) Reviewing, together with the Legal Counsel, the shareholders’ agreements and other material agreements executed by, or in relation to, the Company and such other documents as we have deemed necessary and as have been provided to us by the Company, from time to time.

## **2. Industry Information**

We have relied on the industry and market data derived from the CRISIL Report. The information contained in certain sections of the DRHP, including “*Risk Factors*”, “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Result of Operations*”, have been included from this report. The Industry Report will be available on the





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website of the Company at [www.valiantlabs.in](http://www.valiantlabs.in), in accordance with applicable law and has been included as one of the documents that will be available as a material document for inspection.

### **3. Outstanding Litigation Proceedings and Material Creditors**

The Company has disclosed outstanding litigation involving the Company, Subsidiary, Directors, Promoter, Group Companies (as applicable) on the basis of the legal requirements under the SEBI ICDR Regulations and the Companies Act, 2013 and in accordance with the policy on determination of material litigation approved by the board of directors of the Company in its meeting held on May 15, 2023. The materiality threshold in relation to litigation proceedings as approved by the board of directors of the Company has been disclosed in the DRHP.

The DRHP includes outstanding litigations: (i) criminal proceedings, (ii) actions taken by regulatory or statutory authorities, (iii) claims related to direct and indirect taxes, (iv) other pending litigation as determined to be material pursuant to the Materiality Policy in each case involving the Company, its Subsidiary, the Promoter, and the Directors, (v) disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoter in the last five Financial Years including any outstanding action, and (vi) pending litigation involving Group Companies which may have a material impact on the Company.

Interactions were conducted with the relevant senior management of the Company to understand the status of material pending proceedings involving the Company. The Company has provided a list of outstanding litigations involving the Company and relevant supporting documents for material outstanding litigation as per the Materiality Policy. Outstanding legal proceedings in relation to direct and indirect taxes have been disclosed in a consolidated manner giving details of number of cases and total amount involved in such proceedings. With respect to the outstanding litigation involving the Promoter, Subsidiary, Directors and Group Companies, and relevant certificates have been obtained from the Company's Promoter, Directors, Subsidiary and Group Companies, based on which appropriate disclosures, as the case may be, have been included in the DRHP.

Based on the Materiality Policy adopted by the board of directors, disclosures on material and other creditors have been included in the DRHP. The disclosures on dues to other creditors and to micro, small or medium enterprise (as defined under the Micro, Small and Medium Enterprises Development Act, 2006) have been provided indicating the total number of, and aggregate outstanding amounts due to such creditors, based on the certificate obtained from the Statutory Auditors.

### **4. Financial Information of the Company and Financial Indebtedness**

Due diligence was conducted on financial matters, which included virtual meetings and due diligence calls with the Statutory Auditors, discussions with the Chief Financial Officer and other members of finance department of the Company, review of the Statutory Auditors' examination report and certificates and other related documents. The Statutory Auditor has provided the restated financial information of the Company for the financial years/period ended March 31, 2023, March 31, 2022 and March 31, 2021. For details, please see "*Financial Information*" on page 219 of the DRHP. We held discussions with the Statutory Auditor on the form and manner of the reports and certifications required for such financial information.

Further, the Statutory Auditors were required to review the financial information relating to the Company in the DRHP and have delivered a customary comfort letter and circle-ups to the BRLMs confirming the accuracy of the financial information contained in the DRHP. Such comfort letter will





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be issued and/or brought down at certain future dates as the Issue progresses, by the Statutory Auditor, including on the filing of the RHP, the Prospectus and the Allotment of Equity Shares in the Issue. We have also obtained certifications from the Statutory Auditors in respect of certain financial matters pertaining to the Issue including a certificate to evaluate the eligibility of the Company and to undertake the Issue under Regulation 6 (1) of the SEBI ICDR Regulations. The Statutory Auditor has also provided the statement of possible special tax benefits which is included in the DRHP.

In accordance with Schedule VI, Part A (11)(I)(A)(ii)(b) of the SEBI ICDR Regulations, the audited standalone financial statements of the Company for Fiscals 2023, 2022 and 2021 (collectively, the “*Audited Financial Statements*”) are available on its website at [www.valiantlabs.in](http://www.valiantlabs.in)

In relation to the information disclosed in summarized form in the section “*Financial Indebtedness*” of the DRHP, the relevant sanction letters and agreements issued by the lenders as well as other financing related documents were made available for the Company and its Subsidiary, as applicable, and together with the Legal Counsel, the same were reviewed. The Company has also received written consents from its lender, to the extent required, granting the Company their no-objection to undertake the Issue and related corporate actions including *inter alia* issue and allotment of the Equity Shares and change in the capital structure of the Company. The details of the outstanding borrowings availed by the Company including certain key terms of such borrowings are disclosed in the section titled “*Financial Indebtedness*” of the DRHP. We have also relied on a certification from the Statutory Auditors in connection with the financial indebtedness of the Company and its Subsidiary, ascertaining the amount of outstanding borrowings of the Company as of March 31, 2023, which is disclosed in the section titled “*Financial Indebtedness*” of the DRHP.

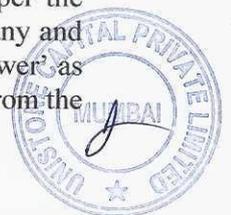
**5. Promoter, Promoter Group, Directors, Key Management Personnel, Subsidiary of the Company and Group Companies**

For the purposes of making certain disclosures with respect to the Promoter, Promoter Group members, Directors, Key Management Personnel, Group Companies and Subsidiary in the DRHP, supporting documents and certifications from the relevant entities/persons have been obtained.

For the purposes of disclosure of the educational qualifications and professional experience of Directors and Key Managerial Personnel of the Company, reliance was placed on degree certificates, experience certificates, and appointment and relieving letters issued by previous and current employers and other back-up documents.

Disclosures, pertaining to the Group Companies have been included in the DRHP in terms of the SEBI ICDR Regulations, which have been identified in accordance with the definition provided under the SEBI ICDR Regulations, as (i) such companies (other than promoter(s) and subsidiary(ies) with which there were related party transactions during the period for which financial information is disclosed in this Draft Red Herring Prospectus, as covered under applicable accounting standards; and (ii) such other companies as considered material by the Board pursuant to the materiality policy.

Furthermore, the Company and the Directors have provided confirmations stating that they have not been debarred or prohibited from accessing the capital markets or from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/ court. In addition, confirmations have been received from the Company and Directors stating that they have not been categorized as wilful defaulters as per the definition in SEBI ICDR Regulations. Confirmations have also been received from the Company and the Directors that none of the Directors are ‘fugitive economic offenders’ or ‘fraudulent borrower’ as per the definition in SEBI ICDR Regulations. Furthermore, confirmations have been received from the





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Company, Promoter Group, and the Selling Shareholders in respect of their compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, as on date of the DRHP, to the extent applicable.

**6. Statutory and/or Regulatory and Other Diligence**

In relation to the build-up of the existing share capital of the Company the statutory forms and resolutions filed with the RoC and statutory registers prepared and maintained by the Company, were reviewed.

In connection with diligence of statutory and regulatory matters, the relevant statutory and regulatory records of the Company, including, among other things, relevant corporate records, material licenses, approvals, registrations applied for and/ or received by the Company and filings made by the Company with various key statutory and regulatory authorities, were reviewed including by the Legal Counsel. We have also relied on representations and certifications provided by the Company in connection with such statutory and/ or regulatory matters.

We, along with the Legal Counsel, have relied on the list of material licenses, approvals and registrations of Company and its Subsidiary, and such material licenses, approvals and registrations, copies of which were provided by the Company, were reviewed. We, along with the Legal Counsel, have also regularly interacted with the officials of the Company to understand the material approvals that are required to be obtained by the Company and its Subsidiary to carry out its business. In connection with the diligence of the Manufacturing Facility and Proposed Facility, we have reviewed the material approvals pertaining to business, labour and employment received the certificate from the Independent Chartered Engineer for capacity and other details.

