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CELLECOR GADGETS LIMITED

Our Company was originally incorporated as a private limited company on December 31, 2020 under the Companies Act, 2013 in the name and style of "Unitel India Private Limited" bearing Corporate Identification Number U32300DL2020PTC375196 issued by the Registrar of Companies, Delhi. Further, the company's name was changed to "Unitel Info Private Limited" vide Fresh Certificate of Incorporation dated April 13, 2022 issued by Registrar of Companies, Delhi. Subsequently, our Company was converted into public limited company pursuant to a shareholders' resolution passed at an Extra-Ordinary General Meeting held on May 12, 2023, and name of our Company was changed to "Unitel Info Limited" and a fresh Certificate of Incorporation dated May 15, 2023 was issued by Registrar of Companies, Delhi. Furthermore, the company's name was changed to "Cellecor Gadgets Limited" vide Fresh Certificate of Incorporation dated May 25, 2023 issued by Registrar of Companies, Delhi. As on date of this Draft Red Herring Prospectus, the Corporate Identification Number of our Company is U32300DL2020PLC375196. For further details of incorporation please refer to section titled "Our History and Certain Other Corporate Matters" beginning on page 135 of this Draft Red Herring Prospectus.

Registered Office: Unit No. 703, 7th Floor, Jaksons Crown Heights Plot No. 3BI Twin District Centre, Sector 10 Rohini Delhi 110085 India
Tel: 011 -45038228, **Fax:** N.A., **Website:** www.cellecor.com, **E-Mail:** cs@cellecor.in
Company Secretary and Compliance Officer: Ms. Varsha Bansal

PROMOTERS: RAVI AGARWAL & NIKHIL AGGARWAL

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JULY 19, 2023: NOTICE TO INVESTORS (THE "ADDENDUM")

INITIAL PUBLIC OFFERING OF UP TO 55,18,800 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF CELLECOR GADGETS LIMITED ("CGL" OR THE "COMPANY") FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING TO RS. [●] LAKHS ("THE ISSUE"). OUT OF THE ISSUE, 2,76,000 EQUITY SHARES AGGREGATING TO RS. [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 52,42,800 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT AN ISSUE PRICE OF RS. [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.32% AND 25.00%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential Bidders may note the following:

- The section titled "Definition and Abbreviations" beginning on page 2 of Draft Red Herring Prospectus has been updated to include the details mentioned in risk factors section of this addendum. Please note that all other details will be carried out in the offer document.
- The section titled "Summary of Offer Documents" beginning on page 16 of Draft Red Herring Prospectus has been updated to amend the details mentioned in summary of offer documents section of this addendum. Please note that all other details will be carried out in the offer document.
- The section titled "Risk Factors" beginning on page 20 of Draft Red Herring Prospectus has been updated to amend the details mentioned in risk factors section of this addendum. Please note that all other details will be carried out in the offer document.
- The section titled "Object of the Issue" beginning on page 67 of Draft Red Herring Prospectus has been updated to amend the details of "utilization proceeds" under schedule of implementation, "working capital requirements" and "justification" of working capital. Please note that all other details will be carried out in the offer document.
- The section titled "Our Business" beginning on page 103 of Draft Red Herring Prospectus has been updated to include the details mentioned in our business section of this addendum and amend the details of "about the business", "Our Key Strengths". Please note that all other details will be carried out in the offer document.
- The section titled "Our Management" beginning on page 139 of Draft Red Herring Prospectus has been updated to amend the "Brief Profile of the directors of the Company" and "changes in the board for last three years". Please note that all other details will be carried out in the offer document.
- The section titled "Our Promoter Group" beginning on page 160 of Draft Red Herring Prospectus has been updated to amend the details of "Natural persons who form part of our promoter group". Please note that all other details will be carried out in the offer document.
- The section titled "Management's Discussion and Analysis of Financial Condition and Results of Operation" beginning on page 196 of Draft Red Herring Prospectus has been updated to amend the details of "Business Overview and Discussion on Results of Operation". Please note that all other details will be carried out in the offer document.
- The section titled "Outstanding Litigation and Material Developments" beginning on page 208 of Draft Red Herring Prospectus has been updated to amend the details of "litigation disclosures" and "Outstanding dues to small scale undertakings or any other creditors". Please note that all other details will be carried out in the offer document.
- The section titled "Government and Other Approvals" beginning on page 214 of Draft Red Herring Prospectus has been updated to amend the details of "Regulatory approvals of our Company" and include the details of incorporation details of subsidiaries and material approvals or renewals. Please note that all other details will be carried out in the offer document.

BOOK RUNNING LEAD MANAGER TO THE ISSUE



NARNOLIA FINANCIAL SERVICES LIMITED
Address: 201, 2nd Floor, Marble Arch, 236 B.A.J.C Bose Road, Kolkata, West Bengal- 700020, India
Telephone: +91-8130678743;
Email: pankaj_passi@narnolia.com
Website: www.narnolia.com
Contact Person: Mr. Pankaj Pasi
SEBI Registration Number: INM000010791
CIN: U51909WB1995PLC072876

REGISTRAR TO THE ISSUE



SKYLINE FINANCIAL SERVICES PRIVATE LIMITED
Address: D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020
Telephone: +91-11-40450193-97; **Fax No:** +91-11-26812683
Email: compliances@skylinerta.com
Website: www.skylinerta.com
Contact Person: Mr. Pawan Bisht
SEBI Registration No.: INR000003241
CIN: U74899DL1995PTC071324

BID/ISSUE PERIOD

Anchor Bid opens on: [●] Bid/ Issue open on: [●] Bid/ Issue Closes on: [●]

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to view the Prospectus.

Draft Red Herring Prospectus

Dated: July 19, 2023

100% Book Building Offer

Please read Section 26 and 32 of Companies Act, 2013



AIMING TO MAKE HAPPINESS AFFORDABLE

CELLECOR GADGETS LIMITED
CIN: U32300DL2020PLC375196

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	EMAIL & TELEPHONE	WEBSITE
Unit No. 703, 7th Floor, Jaksons Crown Heights Plot No. 3BI Twin District Centre, Sector 10 Rohini Delhi 110085 India	N.A.	Ms. Varsha Bansal Company Secretary & Compliance Officer	Tel: 011 – 45038228 Email: cs@cellector.in	www.cellector.com
NAME OF PROMOTER(S) OF THE COMPANY				
RAVI AGARWAL & NIKHIL AGGARWAL				
DETAILS OF OFFER TO PUBLIC, PROMOTERS/ SELLING SHAREHOLDERS				
Type	Fresh Issue Size (No. of equity shares)	OFS* Size (by amount in Lakhs)	Total Issue Size (by amount in Lakhs)	Eligibility & Share Reservation among NII & RII
Fresh Issue	55,18,800	NIL	[●]	The Offer is being made pursuant to Regulation 229 of SEBI (ICDR) Regulations. For details of Share reservation among QIBs, NIIs and RIIs, see "Issue Structure" beginning on page 277.
<i>*OFS: Offer for sale</i>				
Details of OFS by Promoter(s)/ Promoter Group/ Other Selling Shareholders (upto maximum of 10 shareholders)				
Name	Type	No. of shares offered/ Amount in Rs.	WACA in Rs. Per Equity Shares	
NIL				
<i>P: Promoter, PG: Promoter Group, OSS: Other Selling Shareholders, WACA: Weighted Average Cost of Acquisition on fully diluted basis</i>				
RISKS IN RELATION TO THE FIRST ISSUE				
This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of our Equity Shares is ₹10 each and the Floor Price and Cap Price are [●] times and [●] times of the face value of the Equity Shares, respectively. The Floor Price, Cap Price and Issue Price (determined and justified by our Company in consultation with the Book Running Lead Manager as stated in "Basis for Issue Price" on page 72 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.				
GENERAL RISK				
Investments in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 20 of this Draft Red Herring Prospectus.				
ISSUER'S ABSOLUTE RESPONSIBILITY				
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus 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 make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.				
LISTING				
The Equity Shares of our Company offered through this Draft Red Herring Prospectus are proposed to be listed on the Emerge Platform of National Stock Exchange of India Limited in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an approval letter dated [●] from National Stock Exchange of India Limited for using its name in the Draft Red Herring Prospectus for listing of our shares on the Emerge Platform of National Stock Exchange of India Limited. For the purpose of this Issue, National Stock Exchange of India Limited shall be the Designated Stock Exchange.				
BOOK RUNNING LEAD MANAGER TO THE ISSUE			REGISTRAR TO THE ISSUE	
 NARNOLIA FINANCIAL SERVICES LIMITED Address: 201, 2nd Floor, Marble Arch, 236 B A.J.C Bose Road, Kolkata, West Bengal- 700020, India Telephone: +91-8130678743; Email: pankaj.passi@narnolia.com Website: www.narnolia.com Contact Person: Mr. Pankaj Pasi SEBI Registration Number: INM000010791 CIN: U51909WB1995PLC072876			 SKYLINE FINANCIAL SERVICES PRIVATE LIMITED Address: D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020 Telephone: +91-11-40450193-97; Fax No: +91-11-26812683 Email: compliances@skylinerta.com Website: www.skylinerta.com Contact Person: Mr. Pawan Bisht SEBI Registration No.: INR000003241 CIN: U74899DL1995PTC071324	
BID/ISSUE PERIOD				
Anchor Bid opens on: [●]		Anchor Bid opens on: [●]		Anchor Bid opens on: [●]

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SECTION – I
DEFINITIONS AND ABBREVIATIONS

The Following shall be amended in the Chapter Definitions and Abbreviations:

Conventional Terms / General Terms / Abbreviations

Abbreviation	Full Form
SKU	Stock Keeping Unit

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SECTION II - SUMMARY OF OFFER DOCUMENTS

Our Company was originally incorporated as a private limited company on December 31, 2020 under the Companies Act, 2013 in the name and style of “Unitel India Private Limited” bearing Corporate Identification Number U32300DL2020PTC375196 issued by the Registrar of Companies, Delhi. Further, the company’s name was changed to “Unitel Info Private Limited” vide Fresh Certificate of Incorporation dated April 13, 2022 issued by Registrar of Companies, Delhi. Subsequently, our Company was converted into public limited company pursuant to a shareholders’ resolution passed at an Extra-Ordinary General Meeting held on May 12, 2023, and name of our Company was changed to “Unitel Info Limited” and a fresh Certificate of Incorporation dated May 15, 2023 was issued by Registrar of Companies, Delhi. Furthermore, the company’s name was changed to “Cellecor Gadgets Limited” vide Fresh Certificate of Incorporation dated May 25, 2023 issued by Registrar of Companies, Delhi. As on date of Draft Red Herring Prospectus, the *Corporate Identification Number of our Company is U32300DL2020PLC375196.*

Our Company is engaged in the procurement, branding, and distribution of televisions, mobile phones, Smart Wearable, mobile accessories, smart watches, and neckbands. We sell our products under our flagship brand, i.e., CELLECOR. Over the years, we have been able to build our presence in India by having 1200+ service centres, 800+ Distributor, and our products are also present at 24,000+ retail store with 300+ wide range of products and 100 million users Pan India is selling a wide range of consumer products at affordable prices through our dealer channels (online as well as offline).

SECTION III – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may occur and adversely impact our business, cash flows, prospects, results of operations and financial condition. To obtain a complete understanding of our business and operations and legislations governing our business, you should read this section in conjunction with the sections “Industry Overview”, “Our Business”, “Key Regulations and Policies in India” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 82, 103, 128, and 196, respectively of this Draft Red Herring Prospectus. Unless specified or quantified in the relevant risk factor below, we cannot quantify the financial or other implications of any of the risks mentioned in this section. If any of the following risks, some combination of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and results of operations could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of us and the terms of the Issue, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the consequences to you of an investment in the Equity Shares. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including but not limited to the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see “Forward-Looking Statements” on page 15 of this Draft Red Herring Prospectus.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

Unless otherwise indicated or context requires otherwise, the financial information included herein is derived from our Restated Financial Information for period ended March 31, 2023 and financial years ended March 31, 2022 & March 31 2021 included in this Draft Red Herring Prospectus.

INTERNAL RISK FACTORS

- We rely on a limited number of third-party suppliers for some of our key components, raw materials, services and products. Any shortage and cessation in supply from these suppliers could adversely affect our business, cash flows and results of operations.***

We purchase a substantial portion of our materials and components from a limited set of suppliers. A majority of critical components, such as chipsets are sourced from a single source to get the benefits of, amongst other things, price, design effort, inventory, supply chain and after sales efficiency. List of our suppliers for F.Y. 2022-23 and 2021-22 is given as follows:

(Amount in Rs.)

S. No.	Particulars	F.Y. 2022-23	%	F.Y. 2021-22	%	F.Y. 2020-21
1	Creaton Corporation Private Limited	99,28,71,728	40.03%	9,40,94,488	8.07%	0
2	Staunch Electronics India LLP	8,23,29,158	3.32%	1,15,72,090	0.99%	0

3	Gabson Technologies Private Limited	6,33,73,232	2.56%	64,33,350	0.55%	0
4	Arkay Print O Pack	3,60,22,411	1.45%	40,06,445	0.34%	0
5	Vibgyor Enterprises	8,79,00,641	3.54%	-	-	0
6	Ekka Electronics Industries Pvt Ltd	9,84,67,050	3.97%	-	-	0
7	L N Electronics	85,97,290	0.35%	16,87,665	0.14%	0
8	KRPC Lishen Battery India Pvt Ltd	4,57,10,047	1.84%			0
9	Unity Communication			99,69,56,566	85.53%	0
	Total	1,41,52,71,557	57.06%	1,11,47,50,604	95.6%	

Although we believe we have maintained stable relationships with these suppliers, we cannot assure you that we would be able to source raw materials from alternative sources, at acceptable prices or at all, in the event we could not obtain such materials from our existing suppliers in an adequate quantity and timely manner for any reason and of good quality. We cannot assure you that shortages will not occur in the future, particularly in the case of our growing sales of handsets as an increasing proportion of our handsets incorporate components using newly introduced technologies. Any failure to obtain raw materials or components could interfere with our manufacturing operations and cause our competitive positioning to suffer. In case of issues affecting a product's safety or regulatory compliance, we may be subject to damages due to product liability, and defective products or components may need to be replaced or recalled which will also adversely affect our brand and reputation.

Our ability to source components efficiently and on terms favourable to us could also be adversely affected if component suppliers who also operate in the mobile products market choose to limit or cease the supply of components to other mobile device manufacturers, including us. In the event of an increase in the cost of our production, we cannot assure you that we will be able to correspondingly increase the price of our products due to competitive pricing.

We provide our after sales services through third party contractors. For providing such third party services, we have entered into contracts with such third party services providers. Although we believe we have maintained stable relationships with these services providers, we cannot assure you that we would be able to source quality service providers, at acceptable prices or at all, in the event we could not obtain services with existing suppliers or in the event of increase in number of locations for providing services. We depend on their expertise and rely on them to provide satisfactory levels of service. After-sales services, such as technical support and repair, are essential in order to maintain customer satisfaction with our products and create positive brand reputation. If these third-party providers fail to provide consistent quality service in a timely manner and sustain customer satisfaction, our operations and revenues could suffer.

13. The success of our business depends substantially on a number of key management personnel, including our Promoters and management team, and on our operational workforce. Our inability to retain them or to recruit highly skilled technical personnel that are necessary for our business could adversely affect our businesses.

Our success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for the management and running of our daily operations and the planning and execution of our business strategy. Our key management personnel are experienced in managing our businesses and are difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our businesses and our future prospects. We cannot assure you that we will continue to retain any or all of the key members of our management. The loss of one or more members of our senior management team could impact our ability to execute our growth strategy and grow our revenues.

Our ability to implement our business strategy will depend, in large part, on our ability to attract, train, motivate and retain highly skilled personnel. Competition for senior management and other key personnel with technical and industry expertise in our industry is intense, and we may not be able to recruit and retain suitable persons to replace the loss of any of our senior managers in a timely manner. In such a situation, our ability to realize our strategic

objectives could be impaired. We believe that our future success depends largely on our continued ability to hire, assimilate, retain and leverage the skills of qualified engineers and other highly-skilled personnel needed to develop successful new products.

As of March 31, 2023, we employed a total of 211 employees, in the Company who are deputed/reporting at the registered office located at New Delhi. Although we have not experienced any strikes or labour unrest in the past, we cannot assure you that our relations with our employees shall remain cordial at all times and that employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations, which in turn could adversely affect our business, results of operations, financial condition and cash flows

20. We have entered into related party transaction in past and may continue to do so in future and which may involve potential conflict of interest.

As of financial year ended March 31, 2023, we have entered into several related party transactions with our Promoters, individuals and entities forming a part of our promoter group relating to our operations. In addition, we have in the past also entered into transactions with other related parties. For further details, please refer to the chapter titled “Restated Standalone Financial Information –Notes to Financial Information- Note 37 - Related Party Transactions” at page 190 of this DRHP. While we believe that all such transactions have been conducted on an arm’s length basis and in compliance with the provisions of the Companies Act, 2013, and the applicable accounting standards and other statutory compliances, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter more/additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

11. We have establishment in various places in India but do not hold certificates as prescribed under the shop and establishment and professional tax

We conduct our business operations in PAN India and in relation to this we have offices and warehouses in the different states. Presently we do not hold certificates as required under the shop and establishment acts. However, we have applied for shop and establishment certificate for our Registered Office, which is in process, further, we are in the process of applying the same for our every offices and warehouses. Our operation may be affected adversely if we cannot secure the said certificates for our offices and warehouses further, we cannot commit that we will succeed in obtaining all the establishment.

Further we may be required to pay the professional tax to states where we are conducting our business. However, we are in the process of applying the same under professional tax. This could affect our business adversely if we are not able to secure the registration under the professional tax.

5. We rely on a limited number of manufacturers for manufacturing of our products. Any delay or inability to renew or maintain standards as per BIS may lead to cancellation or revocation of licence by competent authority.

We do not have in-house manufacturing facility and rely completely on third-party manufacturers for manufacturing of our products. They manufactures products as per our specifications and standards. They hold a valid certification from Bureau of Indian Standards (BIS), which presumably signifies that they meet the required quality and safety standards set by the regulatory body. In case of cancellation or non-renewal of these certificates, it could have

significant implications in our business such as our business reputation, legal and regulatory compliances potentially resulting in fines, penalties, or legal actions.

In addition to this, finding a reliable and certified manufacturing partner can be challenging, and could lead to disruptions in your supply chain and also raise questions about the long-term viability of your current supply chain strategy.

Our inability to effectively respond to any cancellation or rectification, in a timely manner and at an acceptable cost, could result in us being unable to satisfy our contractual commitments, which could have an adverse effect on our business, financial condition and results of operations.

9. Our company's financial performance and growth are heavily dependent on a particular mode of sales, namely direct distribution, which constitutes 96.74% for FY 2023 and 99.63% for FY 2022.

Our company's financial performance and growth are heavily dependent on a particular mode of sales, namely direct distribution, which constitutes 96.74% for FY 2023 and 99.63% for FY 2022. The bifurcation of which is given below:

(Amt in lakhs)

S. No	Mode of sales	FY 2023 (Audited)	%	FY 2022 (Audited)	%	FY 2021 (Audited)	%
1	Direct Distributor	25,572.51	96.74	12,084.46	99.63	0	0
2	Online/e-commerce platforms like Amazon, Flipkart etc.	862.69	3.26	44.52	0.37	0	0
3	Through our own website www.cellecor.com **	0	0	0	0	0	0
Total (Amount and percentage)		26,435.20	100.00	12,128.98	100.00	0	0

**Note: The revenue from own website as stated above was derived starting from 1st April 2023 onwards.

This concentrated reliance exposes us to significant operational and financial risks that could adversely affect our business operations and results. Depending solely on one sales channel can leave us vulnerable to sudden shifts in market dynamics, consumer preferences, or changes in the competitive landscape. If this channel experiences a decline in demand or becomes less effective due to external factors, our revenue and profitability could be severely impacted.

Overreliance on a specific sales channel might discourage us from exploring and adopting new sales strategies or technologies that could potentially enhance our revenue streams and broaden our customer base.

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SECTION IV- INTRODUCTION

OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Fresh Issue, in the manner set forth below:

(Amount in Lakhs)

S. N.	Particulars	Amount (Rs. lakhs)	% of Gross Proceeds	% of Net Proceeds
1.	Working Capital Requirement	4,000.00	[●]	[●]
2.	General Corporate Purpose**	[●]	[●]	[●]
3.	Issue Expenses*	[●]	[●]	[●]
	Total	[●]	[●]	[●]

**As certified by K.R.A. & Co., Chartered Accountants dated 17/07/2023 that as on 11/07/2023 the Company has incurred a sum of Rs. 13.83 lakhs towards issue expenses.*

***The amount utilized for general corporate purposes shall not exceed 25% of the gross proceeds of the Issue.*

Details of Utilization of Issue Proceeds

1. Working Capital Requirement

Our Company proposes to utilize Rs. 4,000.00 lakhs towards funding its working capital requirements in the ordinary course of business. We have significant working capital requirements, and in the ordinary course of business, we fund our working capital needs through internal accruals. Our Company, in order to support its incremental business requirements, funding growth opportunities and for other strategic, business, and corporate purposes requires additional working capital and such funding is expected to lead to a consequent increase in our revenues and profitability.

Basis of Estimation, assumptions and justification of working capital requirements

The estimates of the working capital requirements for the financial years ending on March 31, 2024, and March 31, 2025, have been prepared based on the management estimates of future financial performance. The projection has been prepared using a set of assumptions that include assumptions about future events and management's actions that are not necessarily expected to occur. On the basis of existing and estimated working capital requirement of our Company on standalone basis, and assumptions for such working capital requirements. The proposed funding of such working capital requirements as set forth below:

(Amount in Lakhs)

	FY20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
	(Audited)	(Audited)	(Audited)	Estimated	Estimated
Inventories	-	1197.98	5143.86	8983.45	13552.18
Trade Receivables	-	92.16	714.82	3802.52	5323.53
Advances to Suppliers	-	967.43	869.61	2,376.57	2195.95
Other Current Assets	-	28.67	113.86	1,014.01	950.63
Cash & Cash Equivalents	10	75.68	16.40	1,539.32	1560.09
TOTAL	10	2,361.92	6,858.55	17,715.87	23,582.38
Short Term Borrowing	-	35	1521.18	2800	3000.00
Sundry Creditors	-	1585.43	2483.70	4000	5500.00
Advances from Customers	-	158.85	458.51	500.00	550.00
Provision for Taxation*	-	74.15	251.88	25.66	40.25.00
Other Statutory Liabilities	-	52.21	93.79	124.50	192.00

Other Current Liabilities	2.42	149.93	243.02	270.60	350.00
TOTAL	2.42	2,055.57	5,052.08	7,720.16	9,632.25
Working Capital Req.	7.58	306.35	1,806.46	9,995.71	13,950.13
Internally Sourced	7.58	306.35	1,806.46	5,995.71	
IPO Proceeds				4,000.00	
Internal Accruals				5,995.71	

* *net of advance tax paid*

Key Assumptions for working capital projections made by Company:

Working Capital Days	FY2021	FY 2022	FY 2023	FY 2024	FY 2025
Debtor Days	0	3	10	30	28
Inventory Days	0	39	86	90	88
Creditor Days	0	49	36	34	31
Working Capital Days	0	(7)	60	86	85

Justification

The company was incorporated in FY 2020-2021, and proprietorship business of promoter was fully taken over in FY 2022-2023. This transition resulted in a substantial rise in the company's working capital requirement between FY 2020-21 and FY 2021-22 compared to FY 2022-23 and beyond. The company follows a business model that demands significant working capital, with a primary focus on inventory and debtors. As of April 25, f, the company has successfully raised around 1,863.00 Lakhs through rights issue and is also contemplating additional funds from an IPO to support its growth plans. These funds will enable the company to expand its product reach into untapped areas across the country.

This strategic growth will be achieved through organic means, which is expected to positively impact the company's financials, particularly in terms of increased Revenue & Profit After Tax (PAT). For FY 2023-24, the company aims to fund a major portion of its working capital requirements using Internal Accruals, which include the funds raised through private placement and rights issue, profits from operations, and other internal sources.

During the projected period, there will be a significant increase in debtors primarily due to the company's focus on expanding its presence in new locations. The involvement of new stockists will also contribute to longer debtor days, as each stockist may have different payment agreements. Additionally, the expansion into new areas and meeting increased demand will lead to a rise in inventory storage requirements.

In terms of the pre-defined long-term business growth plans, the Company is expanding its business both in terms of product portfolio and geographies, through online and off-line presence both, and with each new product, category, SKU, warehouse, selling channel launch, the Company need to keep additional inventories, as in our business readily available inventory is the key to drive the growth.

Further, to penetrate new territories, markets, business segments, the Company need to have/ appoint/entertain more distributors, dealers, selling points, and accordingly has to extend little bit more credit/relaxed payment terms, has to fund transit period, all resulting into increase in debtors' days.

Whereas on supply side we have limited supplier who extend credits, but they also have upper cap both in terms of amount and period, so creditors in terms of days does not increase in proportion of the scale.

Rationale

(Amount Rupees in Lacs)

Exhibit- I Incremental Working Capital			Incremental Working Capital		Incremental Working Capital
	FY 2022-23	FY 2023-24		FY 2024-25	
	(A)	(B)	(C)=(B)-(A)	(D)	(E)=(D)-(B)
Current Assets					
Inventory	5,143.86	8,983.45	3,839.59	13,552.18	4,568.73
Trade Receivables	714.82	3,802.52	3,087.70	5,323.53	1,521.01
Advances to Suppliers	869.61	2,376.57	1,506.96	2,195.95	(180.62)
Other Current Assets	113.86	1,014.01	900.15	950.63	(63.38)
Cash & Cash Equivalents	16.41	1,539.32	1,522.91	1,560.09	20.77
TOTAL (A)	6,858.56	17,715.87	10,857.31	23,582.38	5,866.51
Current Liabilities					
Sundry Creditors	2,483.70	4,000.00	1,516.30	5,500.00	1,500.00
Short Term Borrowing	1,521.18	2,800.00	1,278.82	3,000.00	200.00
Advances from Customers	458.51	500.00	41.49	550.00	50.00
Provision for Taxation	251.88	25.66	(226.22)	40.25	14.59
Other Statutory Liabilities	93.79	124.50	30.71	192.00	67.50
Other Current Liabilities	243.02	270.60	27.58	350.00	78.80
TOTAL (B)	5,052.08	7,720.76	2,668.68	9,632.25	1,910.89
Net Working Capital (A)-(B)	1,806.48	9,995.11	8,188.63	13,950.13	3,955.62

Exhibit- II

Working Capital Analysis in days

Days	FY2021	FY 2022	FY 2023	FY 2024	FY 2025
Debtor Days	-	3	10	30	28
Inventory Days	-	39	86	90	88
Advances to Suppliers Days	-	34	15	25	15
Other Current Assets (Other than Cash) Days		1	2	8	5
Creditor Days	-	(49)	(36)	(34)	(31)
Other Current Liabilities (including borrowings) Days	-	(15)	(37)	(32)	(24)
Working Capital Days	-	13	39	87	81

The business of "Cellecor" was carried out in the name and style M/s Unity Communications, a sole proprietorship of Mr. Ravi Agarwal, who is also a promoter -director of the company. The process to shift the business into a formal company structure was initiated in the later part of financial year 2020-21. The Company got incorporated on December 31, 2020. However, due to technical difficulties, outburst of II wave of COVID-19, and resultant challenging business environment, the transition get delayed, business continued to be carried out in sole proprietorship during the financial year 2020-2021, and only part business was routed through Company during financial year 2021-22, and the entire business get shifted from sole proprietorship to the company at the beginning of financial year 2022-23.

And accordingly, working capital in company's financials for financial year 2020-2021 shows nil, for financial year 2021-2022 at nascent levels, and in financial year 2022-2023 for first full year of operations, and that being so, we

estimated our working capital requirements for current and next financial year based on business projections and not on historical basis.

Since transition phase is now over and the company as per its predefined plans for long-term growth, is making all efforts for expanding its business by augmenting the product basket, launching new products and categories, intensifying its existing channels/presence, and expanding its geographical reach in new territories/markets, This expansion encompasses both online and offline channels. Given that available inventory is a key factor in fostering expansion, this strategy is essential, and accordingly the business must retain more inventory on hand to support the introduction of new items, categories, stock keeping units (SKUs), warehouses, and sales channels. Similarly, to penetrate new markets/territories, in initial days we need to offer more credit. All these resulting into increased working capital requirement, as detailed in Exhibit-I & II.

Details of Company's plans to introduce new products and add new warehouses, channel partners are summarised herein below for your kind perusal and ready reference.

Now after explaining our business plans with detailed timeline, we wish to humbly explain the increase in working capital requirements, item-wise/head-wise as per the following submission:

Debtor days:

In financial year 2022-2023 debtors' days are 10 days, whereas we have estimated 30 days, and 28 days debtors in our projected financials for financial year 2023-2024 and 2024-25 respectively. In absolute term incremental increase in debtors from FY22-23 to FY23-24 is Rs. 30.88 Crores whereas from FY23-24 to FY24-25 it is Rs. 15.21 Crore

In this regard it is humbly submitted that for business growth, the Company is entering into new markets, introducing new products, categories and as such have to extend more credit, as they need more support from company in financials terms, to its selling channels/partners, to register more sale.

Further, as compared to previous years, we are increasing our online sale segment, in financial year 2022-2023 our sales through online channel was only Rs. 8.62 Crores constituting hardly 3% of the total sale, whereas in current fiscal we have already registered sale of Rs. 12.5 Crores till July 2023 through online channels like Amazon, Flipcart etc. and aiming to achieve Rs. 70-90 Crores online sales by year end, constituting approx. 15-20% of this years' targeted sales, please note substantial online sales happens during the festive season, which is to start shortly with Rakshabandan and continues post New Year Celebrations, wherein all big portals announce their BIG Billion Day Sale, Great India Sale Festival etc. It is pertinent to also mention that we have also started online sales on company's own portal also, and expecting a good sales volume going forward therein also. These online channels/portals, though give company's product more reach and visibility, driving sales volumes, but demands longer credit periods, say 45-75 days. These online sales segment alone requires additional debtors of approx. Rs. 15 Crores in FY23-24 whereas debtors for this segment alone would be approx. Rs. 25 Crores in FY24-25

Furthermore, for expanding our sales partners channels across new geographies, for our partners/channels located in tier 3 and tier 4 cities/towns across in distant locations, we need to fund transit days as well, which also inflate the debtors' collection period. This segment shall also require additional working capital of approx. 15 Crore in FY23-24 and Rs. 5 Crores in FY24-25

Considering all these factors/developments, we estimated debtor's days of 30 and 28 days going forward, which are considering the industry trends are reasonable and justified.

Inventory days:

In a similar vein, the company's procurement and production activities are reliant on vendors located in India, thereby minimizing transit times. Consequently, the inventory holding period largely in line with the projected sales growth, has estimated with a marginal increase, from 86 days in the financial year 2022-23 to 90 days in the financial year 2023-24. Though the inventory has been projected at relatively constant holding period, the value of inventory is set to rise with introduction of new products, SKUs, increase in warehouse and sales network from new geographical

markets. and accordingly the value of inventory increases from 5,143.86 Lakhs in the fiscal year 2022-23 to 8,983.45 Lakhs in the fiscal year 2023-24.

Presently, Company is having 2 (Two) Mother-Warehouses and 7 (seven) Other Warehouses. In both the Mother Warehouses, considering the present SKUs, we have to keep inventory of approx. Rs. 28-30 Crores whereas other warehouses need inventory of Rs. 3-4 Crore each which comes in totality Inventory of Rs. 51.44 Crores as on March 31, 2023

During the FY2023-24 to expand our business further, we are planning to open 3 more other warehouses (total 10 Other Warehouses), as detailed in Exhibit- IV, and there shall be addition of approx. 250+ more SKUs, as detailed in Exhibit- III, during the year, and this 'll require inventory of approx. Rs. 40-45 Crores at Mother-Warehouses (both taken together), whereas other warehouses need inventory of Rs. 4-6 Crore each and accordingly we estimated Total Inventory of Rs. 89.83 Crores as on March 31, 2024

And similarly during FY24-25 there shall be addition of further more SKUs and 4 more Other Warehouse (totalling to 14 Other Warehouses), and accordingly inventory is estimated to be of Rs. 135.12 Crores (Inventory of approx. Rs. 55-60 Crores at both Mother-Warehouses situated in Delhi NCR and inventory of Rs. 6-7 Crore each at Other Warehouses spread across India).

Advance to Suppliers:

Since our product offering is moving towards more advanced, critical, and value-added products, to ensure consistent supplies, we need to place certain orders with certain vendors by paying them in advance. These advances serve to facilitate timely procurement, assembly, and delivery of goods, preventing delays due to financial constraints. The surge in advances to creditors from Rs. 869.61 Lakhs to Rs. 2,376.57 Lakhs is mainly because of incremental requirement of paying advances for securing regular supplies of new value-added product's launch, as their suppliers do not supply on credit.

Creditor Days:

The outstanding amount owed to creditors has risen from Rs. 2,483.70 Lakhs in the financial year 2022-23 to 4,000.00 Lakhs in the financial year 2023-24 which is in line with the projected sales growth. Despite this increase, the creditor days remained relatively stable, shifting from 36 days in FY 2022-23 to 34 days in FY 2023-24.

Other Current Liabilities:

Additionally, within the classification denoted as Other current liabilities, which encompasses components including Short Term Borrowings, Advances from customers, provisions for taxes net of advances, and other statutory and current liabilities, there has been a decrease in the time span of holding. This decrease is evident as the period has gone down from 37 days during the fiscal year 2022-23 to 32 days in the fiscal year 2023-24.

Overall Working Capital Need:

We are a growing Company which is expanding both in terms of products and markets and as such various constituents of working capital requirement shall not be liner path. However, taking into account all these factors, the overall working capital requirement has shown a progressive increase, growing from 13 days in the fiscal year 2021-22 to 39 days in the fiscal year 2022-23, and further to 87 days in the fiscal year 2023-24 which is considering the company's business plans, position in industry matrix and prevailing trade practices, should be considered as reasonable and justified.

SCHEDULE OF IMPLEMENTATION

We propose to deploy the Net Proceeds for the previously mentioned purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below.

(Amount in Lakhs)

S. No.	Particulars	Amount to be funded from Net Proceeds	Expenses incurred as on date of DRHP	Estimated Utilisation of Net Proceeds (F.Y. 2023-24)
1	Working Capital Requirement	4,000.00	[•]	[•]
2	General Corporate Purposes	[•]	[•]	[•]
3	Issue Expenses	[•]	13.83*	[•]
	Total	[•]	[•]	[•]

*As certified by K.R.A. & Co., Chartered Accountants dated 17/07/2023 that as on 11/07/2023 the Company has incurred a sum of Rs. 13.83 lakhs towards issue expenses.

This space has been left blank intentionally.

SECTION V – ABOUT THE COMPANY

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Red Herring Prospectus. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 20 for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 166, 196 respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.

ABOUT OUR BUSINESS

Our Company is engaged in the procurement, branding, and distribution of televisions, mobile phones, Smart Wearable, mobile accessories, smart watches, and neckbands. We sell our products under our flagship brand, i.e., CELLECOR. Over the years, we have been able to build our presence in India by having 1200+ service centres, 800+ Distributor, and our products are also present at 24,000+ retail store with 300+ wide range of products and 100 million users Pan India is selling a wide range of consumer products at affordable prices through our dealer channels (online as well as offline).

We categorize our business verticals into the following categories:

1. Entertainment and Communication

In this area, we focus on 35 SKUs of televisions, 15 SKUs of sound systems and sound bars, and 70 SKUs of mobile phones. With the goal of offering each individual advanced television services and experiences, we truly focus on people's preferences. In order to give people a convenient and user-friendly experience, we offer a wide variety of sizes of smart and conventional televisions that are fully outfitted with the GENZ Android operating system. Also, we provide the most suitable sound systems and sound bars to transform your living space into a large movie theatre.

2. Peripherals

Under this segment, we focuses on True Wireless ("TWS") Earbuds, Neckbands, and Smart Watches. With a commitment to providing a new generation with reasonably priced smart watches equipped with the latest processors, operating systems, and technology so that they will be able to measure their daily improvement in health. These categories have more than 145 SKUs.

3. Modern Accessories

We sell power banks, data cables, USB chargers, quick chargers, and other items under this category, many Wireless and Standard Power banks, all types of high-strength data lines, and the necessary adapters or chargers for each. More than 40 SKUs fall into this category.

We are led by our Promoter, Ravi Agarwal, who has over 12 years of direct business experience and a wealth of knowledge about the Indian electronics industry. He started this business as a sole proprietorship in 2010 and eventually created this company. Under his leadership, our Company has grown from a distributor to having our own brand over the years. He has overseen the development of our business and is actively involved in the

critical aspects of our business, i.e., business strategic planning, product marketing, team management, channel expertise, and competitive analysis.

Our Promoters’ relationships with our suppliers, customers, and other industry participants have been instrumental in implementing our growth strategies. Our Promoter continues to remain actively involved in our operations and continues to bring his vision, business acumen, and leadership to our Company, which has been instrumental in sustaining our business operations and growth. For further details, see “Our Management” on page 139.

OUR KEY STRENGTHS

- ***Strong R&D team to innovate & introduce new products matching global standards***

The segment where we are operating is dynamic and changes frequently, to stay competitive we have an internal research and development (R&D) team who assist us in inventing and launching new products. As of 31st March, 2023 our R&D team has more than 50 engineers including specialists in hardware design and development, firmware design and development, software design and development, and mobile application development. All the members of the R&D team are the skilled professionals and have presided over the innovations, looks for new trends, analyze the market and determine the needs of customers.

STEP 1	Management Product Idea
STEP 2	R&D Head (Saurabh Chauhan) Design or Redesign
STEP 3	Product Head (Shaliender Parihar) Hardware Testing
STEP 4	Engineer (Dheeraj and Ram) Software Testing
STEP 5	Goes back to - R&D Head D (Saurabh Chauhan) Approval
STEP 6	Goes back to – Management Purchase Order

- ***On-ground presence with extensive sales network***

Our on-ground presence is established through a combination of physical locations, including retail outlets, and service centers, strategically positioned in key markets. These physical touchpoints serve as direct points of interaction with our customers, allowing them to experience our products first hand and receive personalized assistance from our knowledgeable sales staff.

In addition to physical locations, we have also invested in a digital presence to complement our on-ground sales network. Through our online platforms, including e-commerce websites and social media channels, we engage with customers, provide product information, and facilitate online purchases. This omnichannel approach ensures that we cater to the diverse preferences and needs of our customers, whether they prefer in-person interactions or online transactions.

We sell from 3 major channels:

- (i) Direct Distributor
- (ii) Online/e-commerce platforms like Amazon, Flipkart etc.
- (iii) Through our own website www.cellecor.com **

***Note: The revenue from own website as stated above was derived starting from 1st April 2023 onwards.*

Our brand presence and extensive sales and distribution network in the country has enabled us to cater to diverse customer requirements and grow our business effectively. Our competitive advantage is further augmented by the high entry barriers into the industry in which we operate. Such entry barriers include the development of supplier eco-system, developing a robust channel network and building customer confidence, which can only be achieved over a period of time.

Our top 3 revenue generating states i.e., Uttar Pradesh, Delhi & Haryana contributed 6,160.06 lakhs, 5,980.96 lakhs and 3,378.70 lakhs respectively in Fiscals 2023, which accounted for 23.33%, 22.63 % and 12.78%, respectively of our revenue from operations for respective fiscal years.

Also, our top 3 revenue generating states i.e., Uttar Pradesh, West Bengal & Karnataka contributed 3,009.36 lakhs, 1,051.75 lakhs and 1,001.43 lakhs respectively in Fiscals 2022, which accounted for 24.81%, 8.67% and 8.26%, respectively of our revenue from operations for respective fiscal years.

SEGMENT-WISE REVENUE BIFURCATION

(Amount in ₹ Lakhs)

Particulars	March 31, 2023	March 31, 2022
Mobile Phones	12,360.88	8278.90
Smart Hearables & Wearables	5,929.10	1577.92
Accessories	5,314.87	2272.16
Appliances	2,830.35	
Total	26,435.20	12128.98

Note: No operations were carried out in the financial year 2020-21.

For F.Y. 2022-23

(Amount in Rs.)

Particulars	Total sales	% of total sales	Off-line	Online
Mobile Phones	1,23,60,87,522	46.76%	1,20,12,94,490	3,47,93,032
Smart Hearables & Wearables	28,30,35,440	10.71%	26,17,66,020	2,12,69,420
Accessories	53,14,87,215	20.11%	51,20,13,424	1,94,73,791
Appliances	59,29,10,242	22.43%	58,21,77,396	1,07,32,846
Grand Total	2,64,35,20,419	100.00%	2,55,72,51,330	8,62,69,089

For F.Y. 2021-22

(Amount in Rs.)

Particulars	Total sales	% of total sales	Off-line	Online
Mobile Phones	82,78,90,085	68.26%	82,54,56,720	24,33,365
Smart Hearables & Wearables	15,77,92,278	13.01%	15,67,21,715	10,70,563
Accessories	22,72,16,256	18.73%	22,62,68,053	9,48,203
Grand Total	1,21,28,98,619	100%	1,20,84,46,488	44,52,131

For F.Y. 2020-21

No operations were carried out in the financial year 2020-21.

GEOGRAPHICAL-WISE REVENUE BIFURCATION

(Amount in ₹ Lakhs)

State	2022-23	2021-22	2020-21
Uttar Pradesh	6,160.07	3,009.36	-
Delhi	5,980.97	453.04	-
Haryana	3,378.71	77.80	-

WB	1,288.74	1,051.75	-
Maharashtra	1,160.64	821.39	-
Madhya Pradesh	1,067.51	766.86	-
NESA	931.24	565.63	-
Karnataka	923.74	1,001.43	-
Bihar	737.70	546.45	-
Gujarat	728.74	366.60	-
Rajasthan	657.13	431.09	-
Punjab	631.68	369.96	-
AP	592.63	634.06	-
Odisha	446.18	274.80	-
J&K	411.68	213.50	-
Tamilnadu	376.77	493.12	-
Telangana	325.57	451.18	-
CG	253.96	197.59	-
Andaman & Nicobar Islands	176.26	42.70	-
Kerala	104.74	140.35	-
Jharkhand	94.04	181.36	-
HP	6.51	38.97	-
Grand Total	26,435.20	12,128.98	-

REVENUE BIFURCATION - MODE OF SALES

(Amt in lakhs)

S. No	Mode of sales	FY 2023 (Audited)	%	FY 2022 (Audited)	%	FY 2021* (Audited)	%
1.	Direct Distributor	25,572.51	96.74	12,084.46	99.63	0	0
2	Online/e-commerce platforms like Amazon, Flipkart etc.	862.69	3.26	44.52	0.37	0	0
3.	Retail Stores (through our distributors)	0	0	0	0	0	0
4.	Through our own website www.cellecor.com	0	0	0	0	0	0
Total (Amount and percentage)		26,435.20	100.00	12,128.98	100.00	0	0

*No operation was carried out in the financial year 2020-21

TOP 10 CUSTOMERS

(amount in Rs.)

S. No.	Particulars	F.Y. 2022-23	% of total sales	F.Y. 2021-22	% of total sales	F.Y. 2020-21
1	German Mobile Centre	3,82,14,105	1.45%	2,93,60,935	2.42%	0
2	Angel Traders	3,35,71,888	1.27%	5,60,45,863	4.62%	0
3	Ram Ram Ji Mobile	2,44,91,200	0.93%	2,74,16,951	2.26%	0
4	V Connect Marketing	3,38,38,846	1.28%	4,29,31,573	3.54%	0
5	Karthik Communications	2,82,84,079	1.07%	2,13,13,789	1.76%	0


6	Laxminaraian Sunderlal Mercantile Private Limited	2,38,67,749	0.90%	9,58,668	0.08%	0
7	Ghosh Enterprises	4,05,83,594	1.54%	3,22,17,387	2.66%	0
8	Raj Marketing	7,73,74,304	2.93%	1,66,20,029	1.37%	0
9	Yash Gauri Enterprises	2,23,97,267	0.85%	3,87,27,521	3.19%	0
10	Shree Hari Telecom	2,99,19,254	1.13%	3,47,19,575	2.86%	0
	Total	35,25,42,286	13.35%	30,03,12,291	24.76%	0

TOP 10 SUPPLIERS/CONTRACT MANUFACTURERS

(amount in Rs.)

S. No.	Particulars	F.Y. 2022-23	%	F.Y. 2021-22	%	F.Y. 2020-21
1	Creaton Corporation Private Limited	99,28,71,728	40.03%	9,40,94,488	8.07%	0
2	Staunch Electronics India LLP	8,23,29,158	3.32%	1,15,72,090	0.99%	0
3	Gabson Technologies Private Limited	6,33,73,232	2.56%	64,33,350	0.55%	0
4	Arkay Print O Pack	3,60,22,411	1.45%	40,06,445	0.34%	0
5	Vibgyor Enterprises	8,79,00,641	3.54%	-	-	0
6	Ekka Electronics Industries Pvt Ltd	9,84,67,050	3.97%	-	-	0
7	L N Electronics	85,97,290	0.35%	16,87,665	0.14%	0
8	KRPC Lishen Battery India Pvt Ltd	4,57,10,047	1.84%			0
9	Unity Communication			99,69,56,566	85.53%	0
	Total	1,41,52,71,557	57.06%	1,11,47,50,604	95.6%	

INTELLECTUAL PROPERTY RIGHTS

Trademark	Trademark Type	Date of Application	Application No.	Class	Current Status
AIMING TO MAKE HAPPINESS AFFORDABLE	Word	06/07/2023	6008222	35	Formalities Check Pass
AIMING TO MAKE HAPPINESS AFFORDABLE	Word	06/07/2023	6008220	9	Formalities Check Pass
	Copyright Label	29/05/2023	124619	NA	Objected
Cellecor	Device	14/04/2023	5892545	9	Formalities check pass
Cellecor	Device	14/04/2023	5892547	11	Formalities check pass
Cellecor	Device	14/04/2023	5892549	8	Formalities check pass
Cellecor	Device	14/04/2023	5892550	7	Formalities check pass

OUR MANAGEMENT

The following table sets forth certain details regarding the members of our Company’s Board as on the date of this Draft Red Herring Prospectus:

S. No.	Name, Age, Date of Birth, Designation, Address, Occupation, Qualification, Nationality & DIN	Date & term of Appointment	No. of Equity Shares held & % of shareholding (Pre-Issue)	Other Directorships
1.	<p>Ravi Agarwal</p> <p><i>Designation:</i> Managing Director</p> <p><i>Address:</i> House No. C-7/166, Rohini Sector-7, North West Delhi, Delhi – 110085</p> <p><i>Date of Birth:</i> April 07th, 1985</p> <p><i>Age:</i> 38 Years</p> <p><i>Qualification:</i> Intermediate</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five years from date of appointment as Managing Director</p> <p><i>DIN:</i> 08471502</p>	<p>Originally appointed as a director w.e.f. December 31st, 2020.</p> <p>Further, Change in designation as a Managing Director w.e.f. June 20th, 2023</p>	63.26%	<p>Indian Private companies Nil</p> <p>Indian Public Companies Nil</p> <p>Section 8 Companies Nil</p> <p>Indian LLPs Nil</p>

1. **Ms. Gunjan Aggarwal**, aged 37 Years, is the non-executive director and chairman of the company. She is graduated from Indraprastha College for Women, Delhi University. She is an educationist has 8 years of experience in the field imparting knowledge, training and maneuvering the company’s resource to ensure consistent growth.

TERMS AND CONDITIONS FOR EMPLOYMENT OF THE DIRECTORS

Terms and conditions for Executive Directors

1. Ravi Agarwal

Our Board at its meeting held on June 20th, 2023 and our Shareholders in the extraordinary general meeting June 20th, 2023 approved the appointment of Ravi Agarwal for a period of 5 years from June 20th, 2023 up to June 19th, 2028.

The following table sets forth the terms of appointment of Ravi Agarwal which was approved by our Shareholders in the extraordinary general meeting dated June 20th, 2023:

S.No.	Category	Remuneration per annum
1.	Basic Salary	50 lakh
2.	Perquisites and allowances of expenses	14 Lakh

2. Nikhil Aggarwal

Our Board at its meeting held on June 20th, 2023 and our Shareholders in the extraordinary general meeting June 20th, 2023 approved the appointment of Nikhil Aggarwal for a period of 5 Years from June 20th, 2023 up to June 20th, 2028.

The following table sets forth the terms of appointment of Nikhil Aggarwal which was approved by our Shareholders in the extraordinary general meeting dated June 20th, 2023

S.No.	Category	Remuneration per annum
1.	Basic Salary	28 lakh
2.	Perquisites and allowances of expenses	8 lakh

SHAREHOLDING OF DIRECTORS IN OUR COMPANY

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares.

The following table details the shareholding in our Company of our Directors in their personal capacity, as on the date of this Draft Red Herring Prospectus:

S. No.	Name of the Directors	No. of Equity Shares held	% of pre-issue paid-up Equity share capital in our company	% of Post Issue Equity Share Capital in our company
1	Mr. Ravi Agarwal	97,73,661	63.26%	46.61%
2	Mr. Nikhil Aggarwal	7,25,274	4.69%	3.46%
3	Ms. Gunjan Aggarwal	3,10,800	2.01%	1.48%

CHANGES IN THE BOARD FOR THE LAST THREE YEARS

Save and except as mentioned below, there had been no change in the Directorship during the last three (3) years:

Name of Director	Date of Event	Reason for Change
Mr. Ravi Agarwal	31/12/2020	Appointed as first director after incorporation
Mr. Nikhil Aggarwal	31/12/2020	Appointed as first director after incorporation
Ms. Gunjan Aggarwal	11/05/2023	Appointed as Non-Executive and chairman
Ms Rupam Jha	24/05/2023	Appointed as Non-Executive Independent Director
Mr. Jitendra Sharma	24/05/2023	Appointed as Non-Executive Independent Director

Ms Rupam Jha	17/06/2023	Resignation from the independent directorship due to personal reason.
Mr. Vivek Mishra	20/06/2023	Appointed as Non-Executive Independent Director

INITIAL PUBLIC OFFER COMMITTEE

The Initial Public Offer Committee has been formed by the Board of Directors, at the meeting held on June 20, 2023. As on the date of this Draft Red Herring Prospectus the Initial Public Offer Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Ravi Agarwal	Managing Director	Chairman
Mr. Nikhil Aggarwal	Whole-time director	Member
Gunjan Aggarwal	Non-Executive Director	Member

The Company Secretary shall act as the secretary of the IPO Committee.

The terms of reference of the IPO Committee include the following:

1. Approving amendments to the memorandum of association and the articles of association of the Company;
2. Approving all actions required to dematerialize the Equity Shares, including seeking the admission of the Equity Shares into the Central Depository Services (India) Limited (the “CDSL”) and the National Securities Depository Limited (the “NSDL”);
3. Finalizing and arranging for the submission of this DRHP, the RHP, the Prospectus and any amendments, supplements, notices or corrigenda thereto, to appropriate government and regulatory authorities, institutions or bodies;
5. Issuing advertisements as it may deem fit and proper in accordance with Applicable Laws;
6. Approving suitable policies, including on insider trading, whistle blower/vigil mechanism, risk management and other corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws in connection with the Issue;
7. Deciding on the size and all other terms and conditions of the Issue and/or the number of Equity Shares to be offered in the Issue.
8. Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in Rupees or in any other currency, in accordance with Applicable Laws;
9. Seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing application to the Stock Exchange and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreement with the Stock Exchanges;
10. Submitting undertaking/certificates or providing clarifications to the Stock Exchanges;

11. Determining the price band and minimum lot size for the purpose of bidding, any revision to the price band and the final Issue price after bid closure;
12. Determining the Bid/Issue opening and closing dates;
13. Executing and delivering any and all documents, papers or instruments and doing or causing to be done any and all acts, deeds, matters or things as the IPO Committee may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Issue; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

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OUR PROMOTER GROUP

Our Promoters and Promoter Group in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations, 2018 are as under:

A. Natural Persons who form part of our Promoter Group:

The following natural persons being the immediate relatives of our Promoters in terms of the SEBI (ICDR) Regulations, 2018 form part of our Promoter Group:

Relationship	Name of the Relatives	
	Ravi Agarwal	Nikhil Aggarwal
Father	Mr. Deoki Nandan Singal	Mr. Deoki Nandan Singal
Mother	Mrs. Santosh Singhal	Mrs. Santosh Singhal
Spouse	Ms. Gunjan Aggarwal	Ms. Swati Goyal
Brother	Mr. Nikhil Aggarwal	Mr. Ravi Agarwal
Sister	Ms. Bindu Gupta Ms. Ritu Agarwal Ms. Nitu Goyal	Ms. Bindu Gupta Ms. Ritu Agarwal Ms. Nitu Goyal
Son	Mr. Neom Aggarwal	-
Daughter	Ms. Srija Aggarwal	-
Spouse's Father	Mr. Rajinder Kumar Malik	Mr. Vinod Goyal
Spouse's Mother	Ms. Pushpa Malik	Ms. Koshal Goyal
Spouse's Brother	Mr. Dhruv Malik	Mr. Shubham Goyal
Spouse's Sister	Ms. Kriti Sharma	Ms. Vansikha Goyal

B. Companies, partnership and proprietorship firms forming part of our Promoter Group are as follows:

Nature of Relationship	Name of Entities
Any body corporate in which 20% or more of the share capital is held by the promoters or an immediate relative of the promoters or a firm or HUF in which the promoters or any one or more of his immediate relative is a member.	1. UNITEL INFO Limited (incorporated in Hong Kong) 2. CELLECOR TRADING L.L.C (Incorporated in UAE, Dubai)

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SECTION VI- FINANCIAL STATEMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

BUSINESS OVERVIEW

Our Company is engaged in the procurement, branding, and distribution of televisions, mobile phones, Smart Wearable, mobile accessories, smart watches, and neckbands. We sell our products under our flagship brand, i.e., CELLECOR. Over the years, we have been able to build our presence in India by having 1200+ service centres, 800+ Distributor, and our products are also present at 24,000+ retail store with 300+ wide range of products and 100 million users Pan India is selling a wide range of consumer products at affordable prices through our dealer channels (online as well as offline).

We categorize our business verticals into the following categories:

1. Entertainment and Communication

In this area, we focus on 35 SKUs of televisions, 15 SKUs of sound systems and sound bars, and 70 SKUs of mobile phones. With the goal of offering each individual advanced television services and experiences, we truly focus on people's preferences. In order to give people a convenient and user-friendly experience, we offer a wide variety of sizes of smart and conventional televisions that are fully outfitted with the GENZ Android operating system. Also We provide the most suitable sound systems and sound bars to transform your living space into a large movie theatre. It makes your experience far superior to anything a single person can hope for. Last but not least, a phone in your hand that allows you to always have access to the outside world.

2. Peripherals

This chapter focuses on True Wireless ("TWS") Earbuds, Neckbands, and Smart Watches. With a commitment to providing a new generation with reasonably priced smart watches equipped with the latest processors, operating systems, and technology to produce the best of them, they will be able to measure their daily improvement in health. Technology plus style is CELLECOR. Our cutting-edge sound and transparency technologies, together with our extensive line of TWS and NECKBANDS that are not only simple to use but also have an out-of-the-box design, make us stand out from the competition. These categories have more than 145 SKUs.

3. Modern Accessories

We sell power banks, data cables, USB chargers, quick chargers, and other items under this category, many Wireless and Standard Power banks, all types of high-strength data lines, and the necessary adapters or chargers for each. More than 40 SKUs fall into this category.

We are led by our Promoter, Ravi Agarwal, who has over 12 years of direct business experience and a wealth of knowledge about the Indian electronics industry. He started this business as a sole proprietorship in 2010 and eventually created this company. Under his leadership, our Company has grown from a distributor to having our own brand over the years. He has overseen the development of our business and is actively involved in the critical aspects of our business, i.e., business strategic planning, product marketing, team management, channel expertise, and competitive analysis.

Our Promoters' relationships with our suppliers, customers, and other industry participants have been instrumental in implementing our growth strategies. Our Promoter continues to remain actively involved in our operations and continues to bring his vision, business acumen, and leadership to our Company, which has been instrumental in sustaining our business operations and growth. For further details, see "Our Management" on page 139.

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DISCUSSION ON RESULT OF OPERATION

₹ Lakhs							
PARTICULARS		For the period ended on					
		31-03-2023	% of total income	31-03-2022	% of total income	31-03-2021	% of total income
1	Revenue From Operations	26,435.20	99.99%	12,128.99	100.00%	-	-
2	Other Income	1.36	0.01%	-	-	-	-
	Total Income (1+2)	264,36.56	100.00%	12,128.99	100.00%	-	-
3	Expenditure						
(a)	Cost of Stores and Spares consumed	20,880.78	78.98%	10457.76	86.22%	-	-
(b)	Employee benefits expenses	1048.15	3.96%	667.23	5.50%	-	-
(c)	Finance costs	182.03	0.69%	-	-	-	-
(d)	Depreciation and amortisation expenses	45.63	0.17%	1.94	0.02%	-	-
(e)	Other expenses	3,218.57	12.17%	703.32	5.80%	2.42	-
4	Total Expenses	25,375.16	95.99%	11830.25	97.54%	2.42	-
5	Profit/(Loss) before exceptional & extraordinary items & Tax	1,061.40	4.01%	298.74	2.46%	(2.42)	-
6	Exceptional items	-	-	-	-	-	-
7	Profit before extraordinary items and tax	1,061.40	4.01%	298.74	2.46%	(2.42)	-
8	Extraordinary Items	-	-	-	-	-	-
9	Profit before tax	1,061.40	4.01%	298.74	2.46%	(2.42)	-
10	CSR Expense						
	Contribution for CSR	-	-	-	-	-	-
11	Tax Expense:						
(a)	Current tax	272.00	1.03%	86.28	0.71%	-	-
(b)	Deferred tax	(7.68)	-0.03%	(1.10)	-0.01%	-	-
(c)	Last year excess provision Written Back	-	-	-	-	-	-
12	Profit/(Loss) From The Period From Continuing Operations	797.08	3.02%	213.55	1.76%	(2.42)	-
13	Profit/ (Loss) from discontinuing operations	-	-	-	-	-	-
14	Tax expense of discounting operations	-	-	-	-	-	-
15	Profit/(Loss) from Discontinuing operations	-	-	-	-	-	-

16	Profit/ (Loss) for the period	797.08	3.02%	213.55	1.76%	(2.42)	-
	Earnings per equity share [nominal value ₹ 10 per share (₹ 10 per share) - Basic & Diluted (₹)]						
	Basic (₹)	759.72		213.55		(9.72)	
	Diluted (₹)	759.72		213.55		(9.72)	

Items for Restated Financial Statements

Our Significant Accounting Policies

For Significant accounting policies please refer “ Significant Accounting Policies”, under Chapter titled Restated Financial Statements beginning on page 166 respectively of the Draft Red Herring Prospectus.

Overview of Revenue & Expenditure

The following discussion on results of operations should be read in conjunction with the Restated Financial Statements for the Financial Year 2023, 2022 & 2021. Our revenue and expenses are reported in the following manner:

Revenues

- **Revenue of operations**

Our Company’s revenue is primarily generated from procurement, branding, and distribution of televisions, mobile phones, Smart Wearable, mobile accessories, smart watches, and neckbands.

- **Other Income**

Other Income includes Other Income, Profit on sale of Fixed Assets, Interest on Fixed Deposits, Interest on income tax refund.

Expenditure

Our total expenditure primarily consists of Cost of goods sold, Employee benefit expenses, Finance Costs, Depreciation, and Other Expenses.

- **Cost of goods sold**

Cost of goods sold includes the purchases from the vendor and other indirect expenses for the procurement of the goods to be sold and the others ancillary purchases which comprise our major part of our expenses.

- **Employment Benefit Expenses**

Our employee benefits expense primarily comprises of Director’s Remuneration, Staff Salaries, Incentives, Gratuity, Bonus, Medical Premium, PF, ESI, Staff Welfare & Stipend of Trainees.

- **Finance Cost**

Finance Cost Includes interest on Bank Loan, Loan Processing Charges, Interest on Debentures, Credit Card & Bank Charges etc.

- **Depreciation and Amortization Expenses**

Depreciation and Amortization Expenses majorly includes depreciation on Office Equipments, Vehicles, Furniture & Fixtures, Computers & Software's, Plant & Machinery, which forms an integral part of our business.

- **Other Expenses**

Other Expenses includes Advertisement Expense, Carriage & freight, Commission expenses, Legal and professional, Marketing Expenses, Rent & rate taxes, Service expenses (After Sales), Tour and travelling expenses and Other Miscellaneous Expenses.

**PERIOD ENDED MARCH 31, 2023 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022
(BASED ON RESTATED FINANCIAL STATEMENTS)**

Total Revenues

Particulars	<i>(amount in lakhs)</i>		
	March 31, 2023	March 31, 2022	%age Change
Mobile Phones	12,360.88	8,278.90	49.31%
Smart Hearables & Wearables	5,929.10	1,577.92	275.75%
Accessories	5,314.87	2,272.16	133.91%
Appliances	2,830.35	-	NA
Other Income	1.36	-	NA
Total	26,436.56	12,128.98	117.95%

The company's operations for FY 2020-21 resulted in nil revenue, making a comparison feasible only for FY 2022 and FY 2023. It's pertinent to mention that in FY 2022-23, the company acquired the running business of Unity Communications, previously a sole proprietorship owned by Mr. Ravi Aggarwal. This acquisition significantly contributed to the substantial increase in revenue. All previous invoices, which used to be raised under the proprietorship, were now issued by the company. As a result, there was a remarkable overall revenue jump of approximately 118%. Moreover, with increasing awareness among rural and semi-urban young generation for quality products at affordable prices and increase in their spending power, availability of mobile data at affordable rates, the company experienced exceptional growth in sales for smart hearables, wearables, and accessories, with an increase of 275% and 134%, respectively. Additionally, the introduction of a new division selling appliances also contributed to the revenue surge. Therefore, considering these factors, the increase in revenue can be attributed to the mentioned points.

Total Expenditure

Table 1: Total Expenses

Particulars	<i>(amount in lakhs)</i>		
	FY 2023	FY 2022	%age Change
Cost of Goods Sold	20,880.77	10,457.77	99.67%
Employee benefit expense	1,048.15	667.23	57.09%
Financial costs	182.03	-	NA
Depreciation and amortization expense	45.62	1.94	2,256.76%

Other expenses	3,218.59	703.31	357.63%
Total Expenses	25,375.16	11,830.25	114.49%

Table 2: Total Expenses as %age of Total Revenue

Particulars	FY 2023	FY 2022	%age Change
Cost of Goods Sold	78.99%	86.22%	(7.23%)
Employee benefit expense	3.96%	5.50%	(1.54%)
Financial costs	0.69%	0.00%	0.69%
Depreciation and amortization expense	0.17%	0.02%	0.16%
Other expenses	12.18%	5.80%	6.38%
Total Expenses	95.99%	97.54%	(1.54%)

In FY 2022-23, total expenses increased by 114.49% compared to FY 2021-22. However, this increase is actually lower than the increase in total revenues, which saw a growth of approximately 118%. It appears that while overall expenses went up, they increased at a lower percentage rate than the corresponding increase in revenues.

Looking at Table 2, it becomes evident that the overall expenses as a percentage of total revenue have decreased by 1.55%. This positive trend is likely to have a favorable impact on profitability, leading to an increase in profits. Breaking down the broad parameters, the cost of goods sold increased by 99.67% in value, but it decreased by 7.23% as a percentage of total revenue. Similarly, employee benefit costs rose by 57.09% in value but reduced by 1.54% as a percentage of total revenue. Furthermore, other expenses increased by 357.63% in value and 6.38% as a percentage of total revenue.

Profit after Tax

Particulars	<i>(amount in lakhs)</i>		
	March 31, 2023	March 31, 2022	March 31, 2021
Profit for the year	797.07	213.56	-2.42
PAT Margin	3.02%	1.76%	-
%age Change in PAT	273.23%	-	-

The PAT Margin has shown a marginal increase from 1.76% in FY 2021-22 to 3.02% in FY 2022-23. This improvement can be attributed to the slight decrease in total expenses during the same period. The increase in PAT Margin indicates that the company has effectively managed its expenses, leading to better profitability and financial performance.

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FINANCIAL INDEBTNESS

In terms of the Articles of Association of the Company, the Board is authorized to accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum of moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceeding the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) or upto such amount as may be approved by the shareholders from time to time.

Our Company has obtained the necessary consents required under the relevant loan documentation with banks and financial institutions for undertaking activities, such as change in its capital structure, change in its shareholding pattern and change in promoter's shareholding which has a possible change in the management control of our Company.

As on March 31, 2023, our Company have following outstanding secured borrowings from banks and financial institutions and unsecured Loan, as per the certificate issued by M/s K.R.A. & Co., Chartered Accountants, dated 18/07/2023.

Secured

(Rs. in lakhs)

Name of persons/companies	Loan Amounts	Rate of Interest	Nature of Tenure	Purpose of credit facilities	Outstanding as on March 31, 2023
ICICI Bank (OD Account)	160.00	9.00%	Short Term	Short term working capital requirement	88.95
UCIC Private Limited	500.00	16.75%	Short Term	Short term working capital requirement	500.00
Mitcon Credentia Trusteeship Services Limited (NCDs)	75.00	18.00%	Short Term	Short term working capital requirement	75.00
NP1 Trust (NCDs)	1,340.00	20.00%	Short Term	Short term working capital requirement	310.00
Total	2,075.00				973.95

Unsecured

(Rs. in lakhs)

Name of persons/companies	Loan Amounts	Rate of Interest	Nature of Tenure	Purpose of credit facilities	Outstanding as on March 31, 2023
Hero Fincorp Limited	30.30	17.75%	Long Term	Long term working capital requirement	29.66
IDFC First Bank	29.58	16.50%	Long Term	Long term working capital requirement	28.94
Fedbank Financial Services Limited	30.15	17.00%	Long Term	Long term working capital requirement	23.24
Aditya Birla Finance Ltd	100.00	17.00%	Long Term	Long term working capital requirement	100.00

Ravi Agarwal	916.04	NA	Long Term	Long term working capital requirement	473.78
Clix Capital Service Private Limited	29.75	18.50%	Short Term	Short term working capital requirement	30.19
Trustmore Technologies Private Limited	600.00	18,12%	Short Term	Short term working capital requirement	409.62
Satsai Finlease Private Limited	95.00	NA	Short Term	Short term working capital requirement	15.00
Total	1830.82				1110.43

Your Faithfully,

For K.R.A. & Co.
Chartered Accountants
Firm Registration No.: 020266N

Sd/-

CA Rajat Goyal
Partner
Membership No: 503150
Place: New Delhi
Date: 18 July 2023
UDIN: 23503150BGWHMN7028

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

All terms defined in a particular litigation disclosure pertain to that litigation only.

1. LITIGATION INVOLVING OUR COMPANY

(a) Litigation proceedings against our Company

1. Tax Proceedings

S. No.	Party Name	Name of Statute	Nature of Dues	Amount (in Rs.)	Period to which due relates	Authority where the dispute is pending for decision
1	Unitel Info Private Limited*	Income Tax Act, 1961	TDS Demand	470	Financial Year 2021-22	Income Tax department
	Total			470		

**Name of the company has been changed from Unitel info private limited to Cellecor Gadgets Limited*

- An inspection has been conducted by DGGI in connection with certain entities (suspected to be in violation of certain GST regulations), which happen to be company's suppliers as well. All relevant information, requisite documents were provided, verified, and as per the department's preliminary calculation, an amount was deposited towards input credit availed against the supplies made by these irregular suppliers. No formal notice has been Issued. The amount is recoverable either from these irregular suppliers or by availing input credit again, when the sanctity of these suppliers gets verified and the enquiry is concluded favourably.

2. LITIGATION INVOLVING OUR PROMOTERS

Cases filed against our Promoters

1. Tax Proceedings

Set out herein below are details of pending tax cases involving our promoters.

S. No.	Party Name	Name of Statute	Nature of Dues	Amount (in Rs.)	Period to which due relates	Authority where the dispute is pending for decision
1	Ravi Agarwal	Income Tax Act, 1961	Civil Tax Demand	31,087	Assessment Year 2012	Income Tax department
2	Nikhil Aggarwal	Income Tax Act, 1961	Civil Tax Demand	2,30,556	Assessment Year 2021	Income Tax department
3	Nikhil Aggarwal	Income Tax Act, 1961	Civil Tax Demand	3,928	Assessment Year 2022	Income Tax department
4	Ravi Aggarwal	Income Tax Act, 1961	TDS Demand	14,200	Financial Year 2019-20	Income Tax department
5	Ravi Aggarwal	Income Tax Act, 1961	TDS Demand	4,400	Financial Year 2020-21	Income Tax department

6	Ravi Aggarwal	Income Tax Act, 1961	TDS Demand	600	Financial Year 2021-22	Income Tax department
	Total			2,84,771		

3. LITIGATION INVOLVING OUR DIRECTORS

1. Tax Proceedings

Set out herein below are details of pending tax cases involving our directors.

S. No.	Party Name	Name of Statute	Nature of Dues	Amount (in Rs.)	Period to which due relates	Authority where the dispute is pending for decision
1	Ravi Aggarwal	Income Tax Act, 1961	Civil Tax Demand	31,087	Assessment Year 2012	Income Tax department
2	Nikhil Aggarwal	Income Tax Act, 1961	Civil Tax Demand	2,30,556	Assessment Year 2021	Income Tax department
3	Nikhil Aggarwal	Income Tax Act, 1961	Civil Tax Demand	3,928	Assessment Year 2022	Income Tax department
4	Ravi Aggarwal	Income Tax Act, 1961	TDS Demand	14,200	Financial Year 2019-20	Income Tax department
5	Ravi Aggarwal	Income Tax Act, 1961	TDS Demand	4,400	Financial Year 2020-21	Income Tax department
6	Ravi Aggarwal	Income Tax Act, 1961	TDS Demand	600	Financial Year 2021-22	Income Tax department
	Total			2,84,771		

4. LITIGATION INVOLVING OUR GROUP COMPANIES

As on the date of this Draft Red Herring Prospectus, our company does not have any litigations involving group companies

5. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

As on March 31, 2023, our Company has nil payable or outstanding towards small-scale undertakings. Details of amounts outstanding to material and other creditors is as follows:

(₹ in Lakhs)

Particulars	No. of Creditors	Amount
Dues to material creditors	Nil	Nil
Dues to small scale undertakings	Nil	Nil
Dues to other creditors	1,105	2483.70
Total outstanding dues	1,105	2483.70

Complete details of outstanding dues to our creditors as on March 31, 2023 is available at the website of our Company i.e., www.cellecor.com. It is clarified that information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.cellecor.com, would be doing so at their

own risk. For further details, please refer to the section titled “*Financial Information*” on page 166 of this Draft Red Herring Prospectus.

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GOVERNMENT AND OTHER APPROVALS

A. Regulatory approvals of our Company

S. No.	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of Issue	Date of Expiry
1.	Registration Certificate of Shops and Establishment – Delhi	2021197323	Government of Delhi	09/11/2021	5 Years
2.	Employees' Provident Fund Code Number	DLCPM2271997000	Employees' Provident Fund Authority	January 06, 2021	Valid till cancelled
3.	Employee's State Insurance Corporation Number	22001326150000999	Employees State Insurance Corporation (Ministry of Labour & Employment)	January 01, 2021	Valid till cancelled
4.	Legal Metrology- Certificate of Registration	GOI/DL/2022/99	Deputy Director, Legal Metrology, Ministry of Consumer Affairs, Food and Public Distribution	January 13, 2022	Valid till cancelled
5.	Certificate of Importer - Exporter Code	AACCU7508G	Directorate General of Foreign Trade	February 14, 2023	Valid till cancelled
6.	Start-Up India- Certificate of Recognition	DIPP93250	Ministry of Commerce and Industry	January 25, 2022	December 30, 2030
7.	UDYAM Registration Certificate	UDYAM-DL-06-0031260	Ministry of Micro, Small and Medium Enterprises	November 19, 2021	Valid till cancelled
8.	Equipment Type Approval - Smart Watches (Model A1 Pro)	ETA-SD-20211108398	Department of telecommunication	08-12-2021	Valid till cancelled

S. No.	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of Issue	Date of Expiry
9.	Equipment Type Approval - Smart Watches (Model A3 Pro)	ETA-SD-20211008121	Department of telecommunication	28-11-2021	Valid till cancelled
10.	Equipment Type Approval - Smart Watches (Model A2)	ETA-SD-20211108395	Department of telecommunication	08-12-2021	Valid till cancelled
11.	Equipment Type Approval - Smart Watches (Model A4)	ETA-SD-20220100041	Department of telecommunication	29-01-2022	Valid till cancelled
12.	Equipment Type Approval – Bluetooth Earphone (Model BS-1)	ETA-SD-20220503954	Department of telecommunication	11-05-2022	Valid till cancelled
13.	Equipment Type Approval – Bluetooth Earphone (Model BS-2)	ETA-SD-20220503956	Department of telecommunication	11-05-2022	Valid till cancelled
14.	Equipment Type Approval – Bluetooth Earphone (Model BS-3)	ETA-SD-20220503959	Department of telecommunication	11-05-2022	Valid till cancelled
15.	Equipment Type Approval – Earphones (Model CB 01 ACE)	ETA-SD-20211209433	Department of telecommunication	14-01-2022	Valid till cancelled
16.	Equipment Type Approval – Earphones (Model CB 01)	ETA-SD-20211209434	Department of telecommunication	14-01-2022	Valid till cancelled

I. Incorporation details and regulatory approvals of our Subsidiaries

As on the date of DRHP, our company does not have any subsidiaries

II. Material approvals or renewals for which applications are currently pending before relevant authorities.

As on the date of DRHP, no material approvals or renewals for which applications are currently pending before relevant authorities.

III. Material approvals expired and renewal yet to be applied for

As on the date of DRHP, no material approvals have been expired or renewal of any material approval is pending.

IV. Material approvals required but not obtained or applied for


As on the date of DRHP, there is no material approval which is required to be applied and the company has not obtained or applied for.

V. Intellectual Property

As on the date of filing of this Draft Red Herring Prospectus, our Company uses the logo



Trademark	Type	Date of Application	Application Number	Class	Current Status
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	Copyright – Label	29/05/2023	124619	9	Objected
AIMING TO MAKE HAPPINESS AFFORDABLE	Word	06/07/2023	6008222	35	Formalities Check Pass
AIMING TO MAKE HAPPINESS AFFORDABLE	Word	06/07/2023	6008220	9	Formalities Check Pass
Cellecor	Device	14/04/2023	5892545	9	Formalities check pass
Cellecor	Device	14/04/2023	5892547	11	Formalities check pass
Cellecor	Device	14/04/2023	5892549	8	Formalities check pass
Cellecor	Device	14/04/2023	5892550	7	Formalities check pass

For risk associated with our intellectual property please see, "*Risk Factors*" on page 20 of this Draft Red Herring Prospectus.

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SECTION XI - DECLARATION

We, hereby declare that, all the relevant provisions of Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities Exchange Board of India Act, 1992, as the case may be, have been complied with no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations/guidelines issued, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company				
S. N.	Name	Category	Designation	Signature
1.	Mr. Ravi Agarwal	Executive	Managing Director	Sd/-
2.	Mr. Nikhil Aggarwal	Executive	Whole-time director	Sd/-
3.	Ms. Gunjan Aggarwal	Non-Executive	Chairperson	Sd/-
4.	Mr. Jitendra Sharma	Non-Executive	Independent Director	Sd/-
5.	Mr. Vivek Mishra	Non-Executive	Independent Director	Sd/-
Signed by the Chief Financial Officer and Company Secretary of our Company				
6.	Ms. Varsha Bansal	Full-time	Company Secretary	Sd/-
7.	Ms. Bindu Gupta	Full-time	Chief Financial Officer	Sd/-

Place: Delhi

Date: 07/08/2023