

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah Sayani Road,
Opposite Parel, ST Depot, Prabhadevi, Mumbai – 400 025
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Telephone: +91 22 7193 4380
E-mail: gem.ipo@motilaloswal.com
Website: www.motilaloswalgroup.com
Investor grievance e-mail: moiaplredressal@motilaloswal.com
SEBI registration no.: INM000011005
CIN: U67190MH2006PLC160583

ANNEXURE III

December 28, 2024

Securities and Exchange Board of India

Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India

Respected Madam/ Sir,

Re: Proposed initial public offering of equity shares of face value of ₹ 2 each (the “Equity Shares”) of Gem Aromatics Limited (the “Company”, and such initial public offering, the “Offer”) for cash, comprising a fresh issue of such Equity Shares aggregating up to ₹ 1,750.00 million and an offer for sale of up to 8,924,274 Equity Shares by certain existing shareholders of the Company

We, Motilal Oswal Investment Advisors Limited, the book running lead manager to the Offer (the “BRLM”), have been appointed by the Company and the Selling Shareholders to manage the Offer, confirm that:

- (1) We have examined various documents including those relating to litigation, including commercial disputes, intellectual property rights disputes, disputes with collaborators, etc. and other material while finalizing the draft red herring prospectus dated December 28, 2024 (“DRHP”) pertaining to the Offer – **Complied with to the extent applicable.**
- (2) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies and independent verification of the statements concerning the objects of the Offer, price justification, contents of the documents and other papers furnished by the Company and the Selling Shareholders, 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 Offer;
 - (b) all material legal requirements relating to the Offer 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 Offer and such disclosures are in accordance with the requirements of the Companies Act, 2013, as amended (“Companies Act, 2013”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”) and other applicable legal requirements.
- (3) Besides ourselves, all intermediaries named in the DRHP are registered with the SEBI and that till date, such registration is valid. – **Complied with and noted for compliance. The registration of the intermediaries registered with SEBI are valid as on the date of the DRHP.**
- (4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. – **Noted for compliance.**

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- (5) Written consents from the Promoters have been obtained for inclusion of their Equity Shares as part of promoters' contribution subject to lock-in and the Equity Shares proposed to form part of promoters' contribution subject to lock-in, shall not be disposed or sold or transferred by the Promoters 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 relate to specified securities ineligible for computation of promoters' 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 promoters' contribution prior to opening of the Offer, shall be complied with. Arrangements have been made to ensure that the promoters' contribution shall be received at least one day before the opening of the Offer and that the auditors' 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 shall be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Offer. – **Not applicable.**
- (8) Necessary arrangements shall be made to ensure that the monies received pursuant to the Offer are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 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 Offer, the Selling Shareholders, 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 the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other 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. – **Complied with to the extent 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; and – **Complied with to the extent applicable and noted for Compliance. There are no SR equity shares issued by the Company.**
 - (b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI. – **Complied with to the extent applicable and noted for compliance.**
- (11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. – **Noted for compliance.**
- (12) If applicable, the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of the SEBI ICDR Regulations. – **Not Applicable.**

We enclose a note explaining the process of due diligence that has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the Promoters and that the related party transactions entered into for the period disclosed in the DRHP have been entered into by the Company in accordance with applicable laws – **Please refer to the due diligence process note enclosed as Annexure III-A.**



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We have also enclosed 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 comments, if any. – **Please refer to the checklist enclosed as Annexure III-B.**

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

Thanking you,

Sincerely,

Enclosed: As above

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This signature page forms an integral part of the letter to Securities and Exchange Board of India, in relation to the initial public offering of Gem Aromatics Limited.

For Motilal Oswal Investment Advisors Limited**Authorized Signatory**

Name: Subodh Mallya

Designation: Executive Director

Contact: 022 71934380

Email: Subodh.mallya@motilaloswal.com

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ANNEXURE III-A

DUE DILIGENCE PROCESS NOTE

In connection with the DRHP dated December 28, 2024, we, the BRLM, we have carried out due diligence exercise in relation to the current business of the Company and its background for the purposes of complying with 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 in initial public offerings of this nature in India, along with other professionals and experts engaged in connection with the Offer.

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

In connection with the Offer, Saraf and Partners has been appointed as domestic legal counsel to the Company, Economic Laws Practice has been appointed as domestic legal counsel to the BRLM as to Indian law (collectively, “**Legal Counsels**”). The Legal Counsels have assisted the BRLM in carrying out due diligence and drafting of the DRHP in compliance with the SEBI ICDR Regulations and other applicable laws and advising the Company and the BRLM, in relation to the Offer, including for the purpose of issuing legal opinions in relation to the Offer to the BRLM, as applicable.

The due diligence process carried out by us and the Legal Counsels commenced with attending the kick-off meeting and physical and verbal interactions with the Promoters, the Directors, other Key Managerial Personnel and other members of the Senior Management of the Company and other representatives of the Company to gain an understanding, among other matters, of the business of the Company, key risks involved, financial overview, the background of the Promoters and the management.

The due diligence process carried out by us and the Legal Counsels involved, among other things, inspection of the Company’s registered and corporate office, attending virtual and physical meetings and interactions with the Promoters, Directors, Key Managerial Personnel and senior management of the Group for gaining an understanding of the business of the Company, key risks involved and financial overview of the Company, among other matters. Further, our team carried out an inspection of the Company’s registered and corporate office and its manufacturing facilities at Badaun, Uttar Pradesh and Silvassa, Dadra and Nagar Haveli and its R&D Facility at Taloja, Maharashtra. These interactions were conducted with the objective of assisting the Company in preparing necessary disclosures as required under the SEBI ICDR Regulations and other applicable laws in relation to the Offer. In this regard, the Company was provided with a due diligence questionnaire and information request list that was prepared in consultation with the Legal Counsels. The Company provided us the documents and information, to the extent available, in relation to the questionnaire for our review and diligence and provided relevant explanations. In order to facilitate such review, the Company set up a virtual data room where copies of such supporting documents were made available for undertaking such due diligence.

Further, we were also assisted in the financial due diligence process by the peer reviewed statutory auditors of the Company, M/s. Chhajer & Doshi Chartered Accountants (the “**Statutory Auditors**”), who have computed Company’s net worth, operating profit/loss, net tangible assets and have provided (i) an examination report dated December 16, 2024, in relation to the restated consolidated financial information of the Group (“**Restated Consolidated Financial Information**”); and have provided (ii) a report dated December 25, 2024 on the statement of possible special tax benefits available to the Company and its Shareholders; and (iii) a certificate dated December 28, 2024, on compliance of corporate governance requirements by the Company. The Statutory Auditors have consented to be named as an “expert”, in terms of the Companies Act, 2013, as amended (the “**Companies Act**”) in the DRHP. Further, as on the date of DRHP, the Statutory Auditor holds a valid peer review certificate, based on representations made by them.

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Further, the Statutory Auditors have also verified and provided certifications in respect of certain financial and operational information included in the DRHP, including but not limited to, certifications on the share capital build-up of the Company, weighted average cost of acquisition for all shares transacted for certain specified periods, average cost of acquisition of Equity Shares by the Promoters and the Selling Shareholders, weighted average price at which Equity Shares were acquired by the Promoters and Selling Shareholders in the preceding one year, details of any amounts outstanding to micro, small and medium enterprises, and material creditors and other creditors of the Company and the Group's operational information, including, but not limited to, certifying the key performance indicators included in the “**Basis for Offer Price**” section of the DRHP, and operational and other parameters disclosed in the DRHP. The Statutory Auditor has also confirmed to us that all related party transactions entered into for the periods disclosed in the DRHP have been entered into by the Company in accordance with applicable laws, on an arm's length basis.

We were also assisted in the financial due diligence process by the peer reviewed independent chartered accountant, KNAV Advisory Inc, who has provided a report dated December 24, 2024, on the statement of special tax benefits available to the Material Subsidiary, Gem Aromatics LLC, under the applicable taxation laws of the United States of America.

We have also obtained a certificate dated December 23, 2024, from an independent chartered engineer Anjaria Enviro Tech Private Limited (“**Independent Chartered Engineer**”) to certify that (a) Company's authorized and installed capacity, actual production and capacity utilization of the Manufacturing Facility and certain other details.

We have also obtained a certificate dated December 2, 2024 from Dilip Bharadiya & Associates (“**Practicing Company Secretary**”), to certify (a) that the allotments made by the Company (b) and the share capital buildup of the Promoters, members of the Promoter Group, the Promoter Selling Shareholders and the Investor Selling Shareholder in relation to the Offer, since inception of the Company till the date of filing of the Draft Red Herring Prospectus. Additionally, we have also obtained an opinion from Suri Law PLLC, in respect of the disclosures in relation to the material subsidiary of the Company, Gem Aromatics LLC.

The Company has also placed reliance on the industry report titled “*Independent Market Report for Gem Aromatics*” dated December 26, 2024, exclusively commissioned and paid for by the Company pursuant to the engagement letter dated October 1, 2024 and issued by Frost and Sullivan (India) Private Limited (“**F&S**” and such report, the “**F&S Report**”), for disclosures in relation to industry information in the DRHP. Further, the Company has received a written consent from **F&S** dated December 26, 2024, to include extracts of the F&S Report in the DRHP.

The Statutory Auditors, the Independent Chartered Engineer, the Practicing Company Secretary and F&S have consented to be named as experts, in terms of the Companies Act, in the DRHP and such consent has not been withdrawn as at the date of filing the DRHP.

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1. *Business and commercial due diligence*

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

- a. Organizing and attending transaction related calls and meetings with the management of the Company to develop an understanding of the business, history and other matters of the Group, including the industry overview and the regulatory environment, which were attended by representatives of the Company, the BRLM, the Legal Counsels and the Statutory Auditors. A broad overview of the business of the Group, the industry in which they operate, their financial information, the regulatory framework with respect to the business, the corporate structure as well as the Company's capital structure, its shareholding pattern and the details of the Promoters of the Company was provided, followed by interactive virtual discussions.
- b. Requesting the Company to make available the due diligence documents in the virtual data room and/or over e-mails and reviewing those along with the Legal Counsels, based on the disclosure requirements under the SEBI ICDR Regulations, SEBI directives and other applicable laws and reviewing such documents along with the Legal Counsels, to comply with the due diligence requirements as stipulated under the SEBI ICDR Regulations, and other applicable laws, as is customary in such transactions.
- c. Regularly interacting with the management of the Company including senior management team and Promoters of the Company, including the Company's Key Managerial Personnel and other senior personnel from the business, secretarial, legal and finance departments of the Company (including the Company's Chief Financial Officer and Company Secretary and Compliance Officer), the Statutory Auditors for the purpose of gaining an understanding of the business, the risks involved and a financial overview of the Company, among other matters. These interactions included: (i) due diligence calls and virtual and in-person drafting sessions and conference calls with the Company and the Group in connection with the disclosures in the DRHP; (ii) due diligence calls and seeking appropriate clarifications from the Statutory Auditors; (iii) due diligence calls with F&S; (iii) due diligence calls with the Group's certain customers and vendors to discuss their arrangements and business transactions with the Group; (iii) bring-down due diligence calls to receive updated information pertaining to the Group, before filing the DRHP; and (iv) interactions with and seeking appropriate certifications from and in relation to the Company, its Subsidiaries, its Directors, the Key Managerial Personnel, the Senior Management, the Promoters, the Promoter Group and the Group Companies, for certain other information. These interactions were conducted with the objective of assisting the Company to prepare the disclosures in the DRHP as required under the SEBI ICDR Regulations, and other applicable laws with regard to the Offer. The BRLM shall undertake these interactions and due diligence calls until the allotment of Equity Shares in the Offer. Accordingly, disclosures in respect of the business carried out by the Company as well as associated risks in relation thereto, have been made in the sections titled "**Our Business**" and "**Risk Factors**", on pages 29 and 208 respectively, in the DRHP. We expect these interactions and due diligence calls to continue until completion of the Offer.

Further, the BRLM, the Legal Counsels and the Company also interacted with the Selling Shareholders, the legal counsel of the Promoter Selling Shareholders, i.e., Crawford Bayley & Co., and the legal counsels of the Investor Selling Shareholders, Yogi and Partners, and BOONE, Société d'avocats à responsabilité limitée, and the representatives of the Selling Shareholders, as applicable, on the disclosures in the DRHP in relation to the Selling Shareholders and the Equity Shares being offered by them in the Offer and obtained the required confirmations from such Selling Shareholders in the certificates delivered by them. These interactions were conducted with the objective of assisting the Company to prepare disclosures as required under the SEBI ICDR Regulations and other applicable laws in connection with the Offer.

- d. Obtaining and relying on:

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- (i) letters on tick-and-tie circle-up confirmations from the Statutory Auditor, M/s. Chhajed & Doshi Chartered Accountants, with respect to the Restated Consolidated Financial Information, operational data and certain financial information included in the DRHP, as well as certifications from the Statutory Auditors for the key performance indicators (“**KPIs**”), operational data and certain financial related information included in the DRHP in each case, as of and for the periods specified therein; and
 - (ii) certificates, undertakings and other documents from the Company, its Subsidiaries, the Directors, the Promoters, the members of the Promoter Group, the Group Companies, the Key Managerial Personnel and Senior Management of the Company, the Selling Shareholders, the Statutory Auditors, the Independent Chartered Engineer, the Practicing Company Secretary in support of certain disclosures made in the DRHP, for compliance with the SEBI ICDR Regulations and the opinion from Suri Law PLLC, in respect of the material subsidiary of the Company, Gem Aromatics LLC.
 - (iii) Undertakings and management certificates from the Company for certain information; and
 - (iv) Reviewing such other documents as we have deemed necessary and as have been provided to us by the Company, from time to time.
- e. Interacting with the industry consultant, F&S and assisting the Company in obtaining the F&S Report, exclusively commissioned and paid for by the Company in connection with the Offer for the purposes of confirming the Company’s understanding of the industry in which it operates. Further, necessary consent was obtained from F&S to disclose the contents of the F&S Report in the DRHP;
 - f. The BRLM also visited the Company’s registered and corporate offices to understand the Company’s day-to-day operations and key business processes.
 - g. The BRLM also visited the manufacturing facilities of the Company at Badaun, Uttar Pradesh and Silvassa, Dadra and Nagar Haveli and the Company’s R&D Facility at Taloja, Maharashtra.
 - h. Obtaining and relying on formal representations and undertakings from the Company and the Selling Shareholders in the Offer Agreement.

2. *Industry information*

We have relied on industry and market data derived from the report titled “*Independent Market Report for Gem Aromatics*” dated December 26, 2024 (the “**F&S Report**”), commissioned, and paid for, by the Company and prepared by Frost & Sullivan Limited, exclusively for the purposes of confirming its understanding of the industry it operates in, in connection with the Offer pursuant to an engagement letter dated October 1, 2024. We have also interacted with representatives of F&S to discuss the contents of the report. The industry related information contained in certain sections of the DRHP, including “*Summary of the Offer Document*”, “*Risk Factors*”, “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, have been included from the report. The report has been included as a material document for inspection by the public in the section “*Material Contracts and Documents for Inspection*” of the DRHP and will be available for inspection from the date of filing of the Red Herring Prospectus until the Bid/ Offer Closing Date on the website of the Company at www.gemaromatics.com/material-contract-and-documents/. Further, we have held due diligence

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calls with F&S in relation to certain diligence questions in relation to the contents of the F&S Report.

3. *Financial information*

Due diligence was conducted on financial matters, which included virtual meetings and due diligence calls with the Statutory Auditor and discussions with the finance department of the Company. The DRHP includes and presents the Restated Consolidated Financial Information, comprising comprising the restated consolidated statement of assets and liabilities as at March 31, 2022, March 31, 2023 and March 31, 2024 and six months ended September 30, 2024 and restated consolidated statement of profit and loss (including other comprehensive income), and restated consolidated statement of cash flows and restated consolidated statement of changes in equity for the years ended March 31, 2022, March 31, 2023 and March 31, 2024, and six months ended September 30, 2024, the consolidated statement of significant accounting policies, and other explanatory information of our Company, derived from audited financial statements as at and for the years ended March 31, 2022, March 31, 2023 and March 31, 2024 and six months ended September 30, 2024, prepared in accordance with Ind AS and restated by our Company in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, relevant provisions of the SEBI ICDR Regulations, and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time. The Restated Consolidated Financial Information has been prepared to comply in all material respects with the Indian Accounting Standards (“**Ind AS**”) as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), presentation requirements of Division II of Schedule III to the Companies Act, as applicable to the consolidated financial statements and other relevant provisions of the Companies Act.

The BRLM has reviewed the Statutory Auditors’ examination report on the Restated Consolidated Financial Information and obtained certifications with respect to certain financial information included in the DRHP from the Statutory Auditors. The BRLM had discussions with the Statutory Auditors on the form and manner of the reports 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 BRLM confirming the accuracy of the financial information contained in the DRHP. Such comfort letter and certificates will be re-issued or brought down at certain future dates as the Offer moves forward, by the Statutory Auditors, including on the filing of the RHP, the Prospectus and the Allotment of Equity Shares in the Offer.

Reliance was also placed on the statement of possible special tax benefits available to the Company, and its Shareholders, issued by the Statutory Auditors and included in the DRHP. Additionally, reliance was also placed on *inter alia* the certificate issued by the Statutory Auditors on the: (i) computation of the Company’s net worth, average operating profit and net tangible assets, each on a restated basis, to assess eligibility of the Company to undertake the Offer under Regulation 6(1) of the SEBI ICDR Regulations; and (ii) compliance with corporate governance requirements by the Company.

The Statutory Auditors has also verified and provided certifications in respect of the KPIs, operational data pertaining to the Group’s business and certain other operating information included in the DRHP.

Further, we and the Legal Counsels also conducted due diligence calls with the Statutory Auditors to discuss the disclosures in the DRHP as well certain other questions regarding their audit and verification procedures.

In addition to the above, as part of our due diligence, we have had discussions with the management of the Company and the Statutory Auditors and have relied on explanations and representations provided to us by the management of the Company that all the related party transactions entered into for the periods disclosed in the DRHP have been entered into by the Company in accordance with applicable laws.

Additionally, reliance was also placed on the statement of special tax benefits available to the Material

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Subsidiary, Gem Aromatics LLC, under the applicable taxation laws of the United States of America, issued by the peer reviewed independent chartered accountant, KNAV Advisory Inc.

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company as of and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 along with the respective audit reports are available on our website at www.gemaromatics.com/financialResults/ and the audited standalone financial statements of our Material Subsidiary, Gem Aromatics LLC, as of and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 along with the respective audit reports are available on our website at www.gemaromatics.com/financial-statements-of-subsiidiaries/.

4. Financial Indebtedness

For the purposes of the DRHP, we, along with the Legal Counsels, have conducted a due diligence exercise of all outstanding financial indebtedness of the Company, and such information has been disclosed in a summarized form in the section “**Financial Indebtedness**” of the DRHP. In this connection, the relevant sanction letters and agreements issued by the lenders as well as other financing related documents were made available. On the basis of our review, relevant intimations were made to, and consent was obtained from the relevant lenders in connection with the Offer, including corporate actions in relation to the Offer, as required under the arrangements with such lenders. The BRLM has also relied on a certificate from the Statutory Auditors to ascertain the amount of sanctioned and outstanding borrowings of the Company as of October 31, 2024, as disclosed in the section “**Financial Indebtedness**” of the DRHP.

5. Disclosure of Key Performance Indicators

In accordance with the applicable requirements of the SEBI ICDR Regulations, suitable disclosures have been made in line with the SEBI ICDR Regulations in relation to KPIs of the Company in the section “**Basis for Offer Price**” and other relevant sections of the DRHP. Further, such KPIs were approved by the Audit Committee of the Board of Directors pursuant to its resolution dated December 28, 2024, and such KPIs as disclosed in the DRHP have been certified by the Statutory Auditors. The certificate dated December 28, 2024, issued by the Statutory Auditors in relation to the KPIs will form part of the section “**Material Contracts and Documents for Inspection**” on page 454 of the DRHP and will be available for public inspection from the date of filing of the RHP with the RoC until the Bid/ Offer Closing Date and on the website of the Company at www.gemaromatics.com/material-contract-and-documents/. The Company shall continue to disclose such key performance indicators, on a periodic basis, at least once in a year (or for a more frequent period as determined by the Board), until the later of (a) a duration of one year after the date of listing of the Equity Shares on the Stock Exchanges; or (b) complete utilisation of the proceeds of the Fresh Issue as disclosed in the DRHP, or such other duration as required under the SEBI ICDR Regulations.

6. Promoters, Promoter Group, Group Companies, Subsidiaries, Directors, Key Managerial Personnel and Selling Shareholders

For the purposes of making certain disclosures with respect to the Promoters, the Promoter Group, the Group Companies, the Subsidiaries, the Directors, the Key Managerial Personnel, the Senior Management and the Selling Shareholders in the DRHP, we have obtained supporting documents, consents, certifications and confirmations, as applicable, as of the date of the DRHP, from such relevant entities/ persons. We also interacted with the relevant parties, along with the Legal Counsels, to assist them to understand the requirements of law and disclosures required in terms of SEBI ICDR Regulations.

Disclosures on Gopinath Dairy Products Private Limited

The State Bank of India (“SBI”) filed an application dated March 3, 2021, under Section 7 of the Insolvency and Bankruptcy Code, 2016, as amended (“**Insolvency Code**”), against Gopinath Dairy Products Private

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Limited (“**GDPPL**”), one of the members of the Promoter Group for initiating corporate insolvency resolution process, as a result of the account of Gopinath Dairy Products Private Limited being declared a non-performing asset. Pursuant to the order dated February 9, 2023, the National Company Law Tribunal, Mumbai Bench (“**NCLT**”), had admitted the application made by SBI for initiating corporate insolvency resolution process against GDPPL. The NCLT had passed a liquidation order dated June 25, 2024, against GDPPL and had appointed a liquidator for conducting the liquidation proceedings and sale of GDPPL as a going concern in accordance with the Insolvency Code. Subsequently, a preferred bidder was selected by way of an auction process and the liquidation proceedings are pending completion as of the date of the Draft Red Herring Prospectus (“**Liquidation Proceedings**”).

The Company had filed an exemption application dated April 24, 2024, with SEBI, requesting for relaxation of the strict enforcement of the provisions of the SEBI ICDR Regulations with respect to identifying and disclosing, GDPPL, a body corporate, as a member of our Promoter Group. By way of a letter dated July 29, 2024 (bearing reference number SEBI/HO/CFD/RAC-DIL1/P/OW/2023/24351), SEBI has rejected the Exemption Application and has decided not to grant exemption from including/ disclosing GDPPL as a member of the Promoter Group along with the relevant information as required under the SEBI ICDR Regulations. Given that Gopinath Dairy Products Private Limited is unable to provide any information and affirmations as required under the SEBI ICDR Regulations, as member of the Promoter Group, the Company has included disclosures pertaining to the Gopinath Dairy Products Private Limited, member of the Promoter Group based on and limited only to the extent of information publicly available from the websites of certain government authorities and other public databases including the website of Gopinath Dairy Products Limited, in the section titled “**Our Promoters and Promoter Group**” beginning on page 263 of the Draft Red Herring Prospectus, in order to comply with the requirements of the SEBI ICDR Regulations. To such extent, the disclosures pertaining to the Gopinath Dairy Products Private Limited, as a member of the Promoter Group of our Company included in the Draft Red Herring Prospectus may be limited in the context of requirements of the SEBI ICDR Regulations. For further details, see “**Summary of Offer Document - Exemption from complying with any provisions of securities laws, if any, granted by the SEBI**” on page 27 of the Draft Red Herring Prospectus.

During the Liquidation Proceedings, SBI in its letters, each dated September 27, 2023, had intimated GDPPL, Lallubhai Hargovindas Chitalia, Krishna Lallubhai Chitalia, Rajesh Lallubhai Chitalia, members of the Promoter Group, about the order dated August 22, 2023, passed by the Review Committee for Identification of Wilful Defaulter/Non Co-operative Borrowers of SBI (“**RCIWD**”) categorizing GDPPL as a wilful defaulter (“**RCIWD Order**”). Lallubhai Hargovindas Chitalia, Rajesh Lallubhai Chitalia, the directors of GDPPL and Krishna Lallubhai Chitalia, a guarantor of GDPPL, were also categorized as wilful defaulters as per the RCIWD Order in their capacities of directors and guarantor, as stated. Subsequently, a writ petition dated October 8, 2023 (“**Writ Petition**”) was filed by Lallubhai Hargovindas Chitalia, Rajesh Lallubhai Chitalia and Krishna Lallubhai Chitalia, among others, at the High Court of Judicature at Bombay for granting stay and against implementation of the RCIWD Order and restraining SBI from including the names of Lallubhai Hargovindas Chitalia, Rajesh Lallubhai Chitalia and Krishna Lallubhai Chitalia, among others, in the list of wilful defaulters maintained by credit information companies. The writ petition is currently pending as of the date of the Draft Red Herring Prospectus.

For the purposes of disclosure of the educational qualifications and professional experience of Directors, Key Managerial Personnel and Senior Management of the Company, we have relied on relevant transcripts, degree certificates, experience certificates mark-sheets and documentation with previous and current employers in relation to their respective educational qualifications or experience of the Directors, the Key Managerial Personnel and the Senior Management and other back-up documents in addition to certification received from the relevant Promoters, Directors, Key Managerial Personnel and Senior Management. The Promoter, Chairman and Whole-Time Director of the Company, Vipul Parekh has completed his higher secondary education, however, the Company has been unable to trace the documentary evidence in relation to the educational qualification. An application dated December 24, 2024, for issuance of a duplicate passing

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certificate has been made by Vipul Parekh.

In addition, we have received confirmations, as of the date of the DRHP, from the Company, its Subsidiaries, the Directors, the Promoters, the Promoter Group, and the Selling Shareholders, stating that they have not been debarred or prohibited from accessing or operating in the capital markets, restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other authorities. We have also received confirmations, as of the date of the DRHP, from the Company, its Promoters and its Directors that the Company, its Promoters or its Directors have not been declared Wilful Defaulters or Fraudulent Borrowers and none of the Promoters and Directors are Fugitive Economic Offenders under the SEBI ICDR Regulations. Further, reliance has been placed on an opinion from Suri Law PLLC dated December 28, 2024, in respect of the disclosures in relation to the material subsidiary of the Company, Gem Aromatics LLC.

Further, confirmations have been taken from the Directors that (a) they are not directors on the board of other listed companies whose shares have been / were suspended from being traded on any stock exchange during the period of five years before the date of the DRHP during his/her tenure; and (b) that they are not currently or were previously on the board of a listed company whose shares have been or were delisted from being traded on any stock exchange while they were directors of such companies.

Further, we have also carried out searches on websites such as ‘Watchout Investors’ and ‘CIBIL’ for the Company, its Subsidiaries, its Directors, its Promoters, the members of the Promoter Group and the Group Companies and have obtained written confirmations from relevant parties, where required.

Additionally, confirmations have also been obtained from the Company, Promoters, Promoter Group and the Selling Shareholders in respect of their compliance with the Companies (Significant Beneficial Owners) Rules, 2018 as of the date of the DRHP, to the extent applicable to such party.

The term “group companies” under the SEBI ICDR Regulations includes companies (other than the promoters and any subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in the offer documents, as covered under the applicable accounting standards, and also other companies as considered material by the Board of Directors of the Company (the “**Board**”). The Board has, through a resolution passed at its meeting held on December 16, 2024, adopted a materiality policy for identification of group companies. The details of the Group Companies are set out in the section “***Our Group Companies***” of the DRHP.

With respect to Selling Shareholders, the Company has received consent letters and the corporate authorisations from each Selling Shareholder to participate in the Offer and various confirmations, covenants, representations, and warranties, as required by each Selling Shareholder.

7. Outstanding litigation and dues to creditors

The Company has disclosed outstanding litigation, as applicable, as of the date of the DRHP, involving the Company, its Subsidiaries, its Directors, its Promoters and its Group Companies, as required under the SEBI ICDR Regulations and in accordance with the policy on determination of material litigation approved by the Board in its meeting held on December 16, 2024. The materiality threshold in relation to litigation proceedings as approved by the Board has been disclosed in the “***Outstanding Litigation and Material Developments***” section on page 360 of the DRHP.

The Company has disclosed the following outstanding litigation involving the Company, its Promoters, its Subsidiaries and its Directors, as applicable, in accordance with the requirements under SEBI ICDR Regulations: outstanding (i) criminal proceedings (including matters which are at FIR stage even if no cognizance has been taken by any court); (ii) actions taken by statutory or regulatory authorities; (iii) claims related to direct and indirect taxes; and (iv) pending material litigation, in each case involving the Company,

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its Subsidiaries Directors and Promoters (“**Relevant Parties**”), as per the materiality thresholds adopted by the Board in its meeting held on December 16, 2024 (“**Materiality Thresholds**”) for identification of material litigation involving the Relevant Parties. There are no disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoters in the five financial years preceding the date of the DRHP, including any outstanding action.

In terms of the Materiality Thresholds, all outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings and actions by regulatory authorities and statutory authorities, will be considered material and disclosed in the DRHP if:

- i) if the aggregate monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds 2 % of turnover of the Company, for the most recent financial year as per the Restated Consolidated Financial Information i.e., ₹ 90.49 million, or 2% of net worth of Company, as at the end of the most recent financial year as per the Restated Consolidated Financial Information i.e., ₹ 46.11 million or 5% of the average absolute value of profit or loss after tax of our Company for the last three financial years as per the Restated Consolidated Financial Information i.e., ₹ 20.99 million, whichever is lower; or
- ii) where monetary liability is not determinable or quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold specified in (i) above, but the outcome of any such pending proceeding may have a material adverse effect on the business, operations, performance, prospects, position or reputation of the Company. Accordingly, the materiality threshold has been determined by the Company as ₹ 20.99 million.

For the purposes of the above, pre-litigation notices received by Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/judicial authorities or notices threatening criminal action), have not been considered as litigation until such time that the Relevant Parties are not impleaded as a defendant in proceedings initiated before any court, tribunal, or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced, unless otherwise decided by the Board.

The Company has provided a list of outstanding litigation involving the Company and supporting documents for material litigations involving the Company in the online virtual access data room. Further, we interacted with the relevant representatives of the Company to understand the status of various pending proceedings involving the Company. For litigation involving the Promoters, the Subsidiaries, the Group Companies and the Company’s Directors (as applicable), the Company has provided certifications received as of the date of the DRHP from the relevant person/ entity, solely based on which appropriate disclosures, where applicable, in relation to the litigation proceedings involving them have been included in the DRHP. Further, we have had discussions with the management of the Company on the status of pending cases involving the Company. With respect to taxation proceedings involving the Company, reliance has been placed on a list provided by the Company and the certificate dated December 28, 2024 issued by the Statutory Auditor in this regard.

A risk factor on the outstanding litigation in the DRHP titled “***There are outstanding legal proceedings involving us. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations, financial condition and cash flows.***” has been included in the “**Risk Factors**” section of the DRHP, in accordance with the SEBI ICDR Regulations.

In accordance with the SEBI ICDR Regulations, in relation to litigation involving Group Companies, the Company is required to disclose only such pending litigation which has a material impact on the Company. The Company has confirmed, on the basis of certificates obtained from relevant Group Companies, that there is no pending litigation, as of the date of the DRHP, involving Group Companies which has a material impact

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on the Company.

Based on the materiality policy adopted by the Board in its meeting held on December 16, 2024, disclosures on material creditors of the Company have been included in the DRHP. Further, consolidated disclosure, on the dues to (a) creditors that are micro, small and medium enterprises; and (b) other creditors have been provided in a summary format (indicating the total number of, and aggregate outstanding amounts due to such creditors) along with a link to the website of the Company where details of material creditor shall be available.

8. *Objects of the Offer*

The Company proposes to use the Net Proceeds from the Fresh Issue towards:

- i. Prepayment and/or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by the Company and its Subsidiary, Krystal Ingredients Private Limited; and
- ii. General Corporate Purposes.

In relation to (i) above, we have relied on the loan utilisation certificate issued by the Statutory Auditors.

Further, the Board of Directors have approved the Objects of the Offer pursuant to their resolution dated December 28, 2024.

Adequate disclosures in accordance with the SEBI ICDR Regulations have been included for each of the above-mentioned objects of the Fresh Issue. For details, please refer to the “*Objects of the Offer*” section of the DRHP.

The Company will not receive any proceeds from the Offer for Sale and all such proceeds (net of any Offer-related expenses required to be borne by the Selling Shareholders in accordance with applicable law) will go to the Selling Shareholders.

9. *Statutory and/or regulatory related and other diligence*

In connection with diligence of statutory and regulatory matters, the BRLM has, with the assistance of the Legal Counsels, reviewed the relevant statutory and regulatory records of the Company, including, among other things, relevant corporate records, filings made by the Company with various statutory and regulatory authorities, material licenses, approvals and registrations applied for and/or received by 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.

We have relied on the list of material licenses, approvals and registrations of the Company and such material licenses, approvals and registrations, copies of which were provided by the Company, were reviewed. We have also regularly interacted with the officials of the Company to understand the material approvals that are required to be obtained by the Company to carry out its business. The DRHP includes a summary of the material approvals required for carrying on the Company’s and the Material Subsidiary’s business operations, including tax registrations, approvals under labour and employment related laws and approvals required for operations of the manufacturing facilities of the Company. Such approvals have been disclosed in the section “*Government and Other Approvals*” in the DRHP. Further, the number of trademark registrations and applications submitted by the Company with respect to its logo which have been objected, have been

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disclosed in the DRHP.

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 have been reviewed. Certain of the Company's corporate records are not traceable as the relevant information was not available in the records maintained by the Company or on the online portal of the Ministry of Corporate Affairs ("MCA Portal") or in the physical records available at the RoC. For further details, see "*Capital Structure - Details of Shareholding of our Promoters and members of the Promoter Group in the Company*" and "*Capital Structure - Equity share capital history of our Company*" on pages 94 and 91, of the Draft Red Herring Prospectus respectively.

The Company has commissioned a detailed search at the Registrar of Companies, through an independent practicing company secretary, Dilip Bharadiya & Associates, ("**Practicing Company Secretary**"), to trace records and filings available with Registrar of Companies and reliance has been placed on the certificate dated December 2, 2024, issued by the Practicing Company Secretary. The Company has also intimated the Registrar of Companies by way of a letter dated December 3, 2024, regarding the missing corporate records.

The material agreements executed by, or in relation to, the Company and such other documents as have been deemed necessary and as have been provided to us by the Company, from time to time have been reviewed.

10. *Group Companies*

As per the provisions of the SEBI ICDR Regulations read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, the Company is required to provide link of the website of the Group Companies of the Company where financial information of the Group Companies has been disclosed. In accordance with Materiality Policy, as on the date of the Draft Red Herring Prospectus, the Company has two Group Companies. Certification has been obtained from the Group Companies, confirming that there is no pending litigation involving such company the adverse outcome of which may have a material impact on Company, and also providing certain other confirmations on the basis of which disclosures have been made in the DRHP.

As per the provisions of the SEBI ICDR Regulations, the Company is required to provide links of the website of the Group Companies of the Company where certain financial information have been disclosed. In accordance with such requirement, information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, of the Group Companies, based on their respective audited financial statements shall be hosted on the Company's website, as indicated below:

Sr. No.	Name	Website
1.	dōTERRA Global Limited	www.gemaromatics.com/financial-information-of-group-companies/
2.	dōTERRA International LLC	www.gemaromatics.com/financial-information-of-group-companies/

11. *Price information of past issues handled by the BRLM*

In respect of price information of past issues handled by the BRLM, reliance has been placed on the information available on the websites of National Stock Exchange of India Limited and/or BSE Limited for preparing the statement of price information of the past issues handled by each of the BRLM.