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# PENTAGON RUBBER LIMITED

Our Company was originally incorporated on April 26, 2004 as "Pentagon Rubber Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Punjab, H.P. & Chandigarh. Subsequently our Company was converted into Public Limited Company and name of company was changed from "Pentagon Rubber Private Limited" to "Pentagon Rubber Limited" vide fresh certificate of incorporation dated December 28, 2022 issued by the Registrar of Companies, Chandigarh. For further details, please refer to chapter titled "History and Corporate Structure" beginning on page 130 of the Red Herring Prospectus.

**Registered Office:** Gulabgarh Road, Village Behra Dist. S.A.S. Nagar, Derabassi, Mohali, Punjab- 140507, India. **Tel. No.:** +91-9816610646. **Email:** corporate@pentagonrubber.com, **Website:** www.pentagonrubber.com **CIN:** U25192PB2004PLC054282 **Contact Person:** Ms. Shubhi Kishore, Company Secretary and Compliance Officer.

**OUR PROMOTERS: MR. ASHISH JAIN, MR. ANIL JAIN, MR. SAURABH JAIN AND MR. LALIT JAIN**

## THE ISSUE

**INITIAL PUBLIC ISSUE OF 23,10,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF PENTAGON RUBBER LIMITED ("PENTAGON" OR "OUR COMPANY") FOR CASH AT A PRICE OF [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF [●] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO [●] LAKHS, OF WHICH 1,16,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION") AND NET ISSUE TO PUBLIC OF 21,94,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS (HEREINAFTER REFERRED TO AS THE "NET ISSUE") THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 29.96% AND 28.46% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**QIB PORTION: NOT MORE THAN 50.00% OF THE NET ISSUE**  
**RETAIL PORTION: NOT LESS THAN 35.00% OF THE NET ISSUE**

**PRICE BAND: RS. 65/- TO RS. 70/- PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH.**

**THE FLOOR PRICE IS 6.50 TIMES OF THE FACE VALUE AND**

**THE CAP PRICE IS 7.00 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.**

**BIDS CAN BE MADE FOR A MINIMUM OF 2000 EQUITY SHARES AND IN MULTIPLES OF 2000 EQUITY SHARES THEREAFTER**

<b>ASBA*</b>	Simple, Safe, Smart way of Application- Make use of it!!!!	*Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details check section on ASBA below.	Mandatory in Public Issues from January 01, 2016 No cheque will be accepted	UPI – Now mandatory in ASBA for Retail Investors applying through Registered Brokers, DPs & RTAs. Retail Investors also have the options to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the Bank Account used for bidding is linked to their PAN.
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### Risks to Investors:

- Our top ten customers have contributed 91.42%, 72.55%, 64.50% & 57.52% of our revenues for the period ended December 31, 2022, March 31, 2022, March 31, 2021, March 31, 2020 based on Restated Financial Statements.
- The Merchant Banker associated with the Issue has handled 13 public issue in the past three years out of which 2 Issues closed below the Issue Price on Listing date.
- Average cost of acquisition of Equity Shares held by the Promoters, Mr. Anil Jain is ₹2.10/-, Mr. Lalit Jain is ₹1.55/-, Mr. Ashish Jain is ₹2.46/- and Mr. Saurabh Jain is ₹1.72/-
- The Issue Price at the upper end of the Price Band is ₹70/- per Equity Share.
- Weighted Average Return on Net worth for Fiscals 2022, 2021 and 2020 is 54.34%

### BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company in consultation with the BRLM on the basis of the key business strengths of our Company. The face value of the Equity Shares is Rs. 10 and Issue Price is 6.50 times to the face value at lower end and 7.00 times to the face value at upper end of price band.

#### QUALITATIVE FACTORS

- Leveraging the experience of our Promoter
- Existing client relationship
- Quality Assurance and Quality Control of our Products
- Customer satisfaction and revenues from long standing customer relationships
- Scalable Business Model

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled "Business Overview" beginning on page 110 of the Red Herring Prospectus.

#### QUANTITATIVE FACTORS

Information presented below is derived from our Company's Restated Financial Statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

##### Basic & Diluted Earnings per share (EPS), as restated:

Basic earnings per share (₹) = Restated Consolidated/ Standalone Profit After Tax attributable to Equity Shareholders

Diluted earnings per share (₹) = Restated Standalone/ Consolidated Profit After Tax attributable to Equity Shareholders

Price to Earnings Ratio (P/E) =  $\frac{\text{Issue Price}}{\text{Weighted Average Number of Equity Shares outstanding after adjusting for the effects of all dilutive potential equity shares}}$

S. No	Period	Basic & Diluted (₹)	Weights
1.	FY 2019-20	1.74	1
2.	FY 2020-21	2.04	2
3.	FY 2021-22	5.72	3
	Weighted Average	3.83	6
	For the Period ended on December 31, 2022*	4.00	

\* Not Annualised

Notes:  
i. The figures disclosed above are based on the restated financial statements of the Company.

ii. The face value of each Equity Share is ₹10.00.

iii. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV of respective Consolidated and Standalone financials.

##### Price Earning (P/E) Ratio in relation to the Price band of ₹65/- - ₹ 70/- per share:

S. No.	Particulars	P/E at the lower end of the Price Band (Number of Times)	P/E at the upper end of the Price Band (Number of Times)
1	P/E ratio based on the Basic & Diluted EPS, as restated for FY 2021-22	11.36	12.24
2	P/E ratio based on the Weighted Average EPS	16.97	18.27

#### Industry PE

Particulars	P/E*
Highest	25.51
Lowest	23.39
Average	24.45

\* Based on Peer Group Companies as presented below.

#### Return on Net worth (RoNW)

Return on Net Worth (%) =  $\frac{\text{Restated Standalone/Consolidated Profit After Tax attributable to Equity Shareholders}}{\text{Net Worth}} \times 100$

S. No	Period	RoNW (%)	Weights
1	FY 2019-20	69.24	1
2	FY 2020-21	44.88	2
3	FY 2021-22	55.67	3
	Weighted Average	54.34	6
	For the Period ended on December 31, 2022*	28.02	

\* Not Annualised

#### Net Asset Value (NAV) per Equity Share:

Restated Net Asset Value per equity share (₹) =  $\frac{\text{Restated Standalone/Consolidated Net Worth as at the end of the year}}{\text{Number of Equity Shares outstanding}}$

Sr. No.	As at	NAV
1.	March 31, 2020	3.39
2.	March 31, 2021	6.14
3.	March 31, 2022	13.86
4.	For the Period ended on December 31, 2022	14.26
5.	NAV after Issue	[●]
	NAV after Issue – At Cap Price	29.47
	NAV after Issue – At Floor Price	30.96

#### Comparison of Accounting Ratios with Industry Peers

S. No.	Name of Company	Results Type	Face Value (₹)	EPS (₹) <sup>1</sup>	PE <sup>2</sup>	RoNW (%)	NAV per Share (₹)
1.	Somi Conveyor Beltings Limited	Standalone	10.00	1.46	25.51	2.67%	54.52
2.	International Conveyors Limited	Standalone	10.00	2.31	23.39	6.84%	338.06
3.	Pentagon Rubber Limited	Standalone	10.00	5.72	[●]	55.67	13.86

## BID/ISSUE OPENS ON: JUNE 26, 2023 (MONDAY)

Our Company in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI (ICDR) Regulations, 2018. In case of any revisions in the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and the terminals of the other members of the Syndicate and by intimation to SCSBs, the Sponsor Bank, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of the SEBI (ICDR) Regulations, the issue is being made for at least 25% of the post issue paid up equity share capital of our company. The issue is being made through the book building process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance equity shares shall be added to the QIB Category. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI (ICDR) Regulations, subject to valid Bids being received from them at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account (including UPI ID for RiBs using UPI Mechanism), in which the corresponding Bid Amounts will be blocked by the SCSBs or the Sponsor Bank, as applicable. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "Issue Procedure" on page 232 of the Red Herring Prospectus.

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

**CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS:** For information on the main objects and other objects of our Company, see "History and Corporate Structure" on page 130 of the Red Herring Prospectus and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, see the section "Material Contracts and Documents for Inspection" on page 290 of the Red Herring Prospectus.

**LIABILITY OF MEMBERS AS PER MOA:** The Liability of the members of the Company is Limited.

**AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE:** The Authorised share capital of the Company is Rs. 8,00,00,000 divided into 80,00,000 Equity Shares of Rs. 10 each. The issued, subscribed and paid-up share capital of the Company before the Issue is Rs. 5,40,00,000 divided into 54,00,000 Equity Shares of Rs. 10 each. For details of the Capital Structure, see "Capital Structure" on the page 60 of the Red Herring Prospectus.

**NAMES OF THE SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM:** Given below are the

## BID/ISSUE CLOSES ON: JUNE 30, 2023 (FRIDAY)

names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association of our Company: Mr. Anil Jain – 5000 Equity Shares, Mr. Lalit Jain- 5000 Equity Shares, Mr. Ashish Jain-5000 Equity Shares and Mr. Saurabh Jain – 5000 Equity Shares aggregating to 20,000 Equity Shares of Rs. 10/- each. Details of the main objects of the Company as contained in the Memorandum of Association, see "History and Corporate Structure" on page 130 of the Red Herring Prospectus. For details of the share capital and capital structure of the Company see "Capital Structure" on page 60 of the Red Herring Prospectus.

**LISTING:** The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE (NSE Emerge). Our Company has received an 'in-principle' approval from the NSE for the listing of the Equity Shares pursuant to letter dated June 05, 2023. For the purposes of the Issue, the Designated Stock Exchange shall be National Stock Exchange of India Limited (NSE). A signed copy of the Red Herring Prospectus has been delivered for registration to the ROC on June 13, 2023 and Prospectus shall be delivered for filing to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Issue Closing Date, see "Material Contracts and Documents for Inspection" on page 290 of the Red Herring Prospectus.

**DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"):** Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, the Red Herring Prospectus has been filed with SEBI. In terms of the SEBI Regulations, the SEBI shall not issue any observation on the Offer Document. Hence there is no such specific disclaimer clause of SEBI. However, investors may refer to the entire Disclaimer Clause of SEBI beginning on page 212 of the Red Herring Prospectus.

**DISCLAIMER CLAUSE OF NSE (THE DESIGNATED STOCK EXCHANGE):** It is to be distinctly understood that the permission given by NSE ("NSE EMERGE") should not in any way be deemed or construed that the contents of the Red Herring Prospectus or the price at which the equity shares are offered has been cleared, solicited or approved by NSE, nor does it certify the correctness, accuracy or completeness of any of the contents of the Red Herring Prospectus. The investors are advised to refer to the Red Herring Prospectus for the full text of the "Disclaimer clause pertaining to NSE".

**GENERAL RISK:** Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares 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 contents of the Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 25 of the Red Herring Prospectus

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	COMPANY SECRETARY AND COMPLIANCE OFFICER
<b>BEELINE</b> <b>BEELINE CAPITAL ADVISORS PRIVATE LIMITED</b> <b>SEBI Registration Number:</b> INM000012917 <b>Address:</b> 8/1311-1314, Thirteenth Floor Ship Corporate Park <b>Rajpath Rangoli Road, Thalteji, Ahmedabad, Gujarat 380054</b> <b>Telephone Number:</b> 079 49185784 <b>Email ID:</b> mb@beelinebmb.com <b>Investors Grievance ID:</b> ig@beelinebmb.com <b>Website:</b> www.beelinebmb.com <b>Contact Person:</b> Mr. Nikhil Shah <b>CIN:</b> U67190GJ2020PTC114322	<b>LINK Intime</b> <b>LINK INTIME INDIA PRIVATE LIMITED</b> <b>C-101, 1 Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai- 400083, Maharashtra, India</b> <b>Tel. No.:</b> +91-8108114949 <b>Fax No.:</b> +91-022-49186195 <b>Email:</b> pentagonrubber ipo@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Investor Grievance Email:</b> pentagonrubber.ipo@linkintime.co.in <b>Contact Person:</b> Shanti Gopal Krishnan <b>SEBI Registration No.:</b> INR000004058	<b>Ms. Shubhi Kishore,</b> <b>Company Secretary &amp; Compliance Officer</b> <b>Gulabgarh Road, Village Behra Dist. S.A.S. Nagar, Derabassi, Mohali, Punjab- 140507, India</b> <b>Email:</b> compliance@pentagonrubber.com <b>Tel. No.:</b> +91-9816610646 <b>Website:</b> www.pentagonrubber.com

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