



MAHESH UDHWANI & ASSOCIATES

CHARTERED ACCOUNTANTS

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Vadodara - 390 024, Gujarat, India

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CONNECTION WITH OPERATIONAL KEY PERFORMANCE INDICATORS (KPIs)

To,

The Board of Directors,
Kronox Lab Sciences Limited
Block No. 353, Village Ekalbara,
NA Padra, Vadodara 391 440,
Gujarat, India.

and

Pantomath Capital Advisors Private Limited
Pantomath Nucleus House,
Saki Vihar Road, Andheri East,
Mumbai - 400 072 Maharashtra, India.

(Pantomath Capital Advisors Private Limited referred to as the "Book Running Lead Manager" or the "BRLM")

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the "Equity Shares") of Kronox Lab Sciences Limited (the "Company") (the "Offer")

We, Mahesh Udhwani & Associates, Chartered Accountants, the present Statutory Auditors of the company, have performed the procedures enumerated below with respect to the operational key performance indicators including business metrics and financial performance of the Company ("KPIs") of the Company as on respective dates and for the respective period mentioned against each annexure (the "Periods").

To evaluate the accuracy, validity and completeness of KPIs:

- (i) We have read the items identified by you on the attached copy of the draft red herring prospectus ("DRHP"), received by us and have compared the amounts to the corresponding amounts set out in the Annexures and found them to be in agreement.
- (ii) Compared the amounts/ metrics with, or recalculated the percentages based on, corresponding amounts/ metrics appearing in a schedule prepared by officials of the Company based on the accounting and other records of the Company and found them to be in agreement. We verified the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amount identified in such schedule with the corresponding amount appearing in the relevant accounting records of the Company and found them to be in agreement.



- (iii) Compared the amounts/ metrics with, or recalculated the percentages based on, corresponding amounts/ metrics appearing in a schedule prepared by officials of the Company based on management accounts, relevant management information system reports, the enterprise resource planning (ERP) systems or other financial information, corporate, secretarial, regulatory filings with authorities or other records of the Company and found them to be in agreement. We verified the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amounts/ metrics identified in such schedule with the corresponding amounts/ metrics appearing in the relevant corporate, secretarial and other records of the Company and found them to be in agreement.
- (ii) Verified the arithmetic accuracy or computation of the percentages or amounts.

On the basis of the procedures set forth above we confirm that KPIs are accurate, valid and complete.

We hereby consent to, and have no objection to, the inclusion of this report or any extract thereof in the DRHP of the Company, to be filed with Securities and Exchange Board of India ("SEBI") and the stock exchanges where the Equity Shares are proposed to be listed (the "Stock Exchanges"), the red herring prospectus ("RHP") and the prospectus ("Prospectus") to be filed with the Registrar of Companies, Maharashtra at Mumbai ("RoC"), SEBI and the Stock Exchanges or any other document to be issued or filed in relation to the Offer, including in any corporate or investor presentation made by or on behalf of the Company.

This certificate is issued for the sole purpose of the Offer and this certificate or any extracts or annexures thereof, can be used, in full or part, for inclusion in the draft red herring prospectus, red herring prospectus, prospectus and any other material used in connection with the Offer, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the BRLM in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the BRLM may wish to advance in any claim or proceeding in connection with the contents of the Offer documents.

We confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well informed decision.

This certificate may be relied on by the BRLM and legal counsel in relation to the Offer.

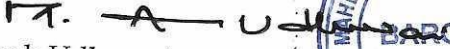
We undertake to update you in writing of any changes in the abovementioned position, until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence



trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.

Yours faithfully,

For and on behalf of,
Mahesh Udhwani & Associates
Chartered Accountants
Firm Registration No.:129738W


Mahesh Udhwani
Partner
Membership No.: 047328
UDIN: 24047328BJZYME5717



Place: Vadodara
Date: 25/04/2024

Encl: As above

CC:

Legal Counsel to the Offer
Desai & Diwanji
Lentin Chambers,
Dalal Street,
Fort, Mumbai - 400 001

Annexure

(₹ in million except per share data or unless otherwise stated)

Particulars	For the nine months period ended December 31, 2023*	For the nine months period ended December 31, 2022*	For the Financial Year ended March 31, 2023	For the Financial Year ended March 31, 2022	For the Financial Year ended March 31 2021
Revenue from Operations	676.86	741.03	955.78	822.47	624.60
EBITDA ⁽¹⁾	204.60	178.83	219.96	196.97	148.03
EBITDA Margin (%) ⁽²⁾	30.23%	24.13%	23.01%	23.95%	23.70%
Profit After Tax for the Year	154.69	140.91	166.17	136.27	97.30
PAT Margin (%) ⁽³⁾	22.60%	18.57%	17.04	16.35	15.39
EPS (Basic & Diluted) ⁽⁴⁾	4.17	3.61	4.30	3.49	2.40
Total Borrowings	-	-	-	6.42	0.13
Net worth	602.82	546.01	446.79	403.53	268.14
ROE (%) ⁽⁵⁾	25.66%	25.81%	37.19	33.77	36.29
ROCE (%) ⁽⁶⁾	33.15%	33.50%	49.86	46.27	51.78
Debt - Equity Ratio ⁽⁷⁾	-	-	-	0.02	0.00
Fixed Assets Turnover Ratio ⁽⁸⁾	2.61	4.62	6.01	9.30	10.87
Net Cash from/ (used in) Operating Activities	153.12	174.72	196.65	90.20	113.14
Net Cash from/ (used in) Investing Activities	(49.80)	(49.80)	(55.17)	(75.99)	(29.56)
Net Cash from/ (used in) Financing Activities	-	(8.95)	(133.96)	(6.66)	(70.95)
Revenue CAGR (Fiscal 2021 to 2023)					23.70%
EBITDA CAGR (Fiscal 2021 to 2023)					21.90%
PAT CAGR (Fiscal 2021 to 2023)					30.68%
Number of customers served	353	307	351	316	283
Number of products sold	189	155	157	156	159
New product added	8	8	10	10	12
Product under development	64	26	32	31	35

*EPS, ROCE, ROE and Fixed Asset Turnover Ratio for the nine months ended December 31, 2023 & December 31, 2022 have not been annualised.

Notes:

- 1) EBITDA means Earnings before interest, taxes, depreciation and amortisation expense, which has been arrived at by obtaining the profit before tax/ (loss) for the year and adding back finance costs, depreciation, and amortisation and impairment expense and reducing other income;
- 2) EBITDA Margin is calculated as EBITDA as a percentage of revenue from operations;
- 3) PAT Margin is calculated as restated profit after tax for the year as a percentage of total revenue;
- 4) EPS = Net Profit after tax, as restated, divided by weighted average no. of equity shares outstanding during the year/ period. (as adjusted for change in capital due to bonus shares);
- 5) ROE is calculated as Net profit after tax, as restated, divided by total equity;
- 6) ROCE is calculated as EBIT divided by capital employed (Equity Share capital + Other equity-Revaluation Reserve-Capital Redemption Reserve + Total Debts Current & Non-current – Cash and cash equivalents and other bank balances);



- 7) *Debt Equity Ratio: This is defined as total debt divided by total shareholder funds. Total debt is the sum of long-term borrowings, short-term borrowings & current maturity of long term debt, based on Restated Financial Statements;*
- 8) *Fixed Asset Turnover Ratio: This is defined as revenue from operations divided by total property, plant & equipment, based on Restated Financial Statements. Figures for property, plant & equipment do not include capital work-in-progress.*

