

VAXFAB ENTERPRISES LIMITED
(Formerly known as Ellora Trading Limited)
Corporate Identification Number: L51100GJ1983PLC093146

Our Company was initially formed as a Ellora Trading Limited on 9th February 1983 at Kolkata under the provision of the Companies Act, 1956 with vide Certificate of Incorporation dated 9th February 1983 and date of a certificate of commencement of business dated 16th February, 1984 issued by Registrar of Companies, West Bengal. Subsequently, vide order of Regional Director dated 15th July 2016, the Company has amended MOA for Change of place of registered office from State of West Bengal to State of Gujarat and subsequently to order, Registrar of Companies, Gujarat issued new CIN L51909GJ1983PLC093146. Further, on 24th August, 2022, the Name of the Company is changed from Ellora Trading Limited to Vaxfab Enterprises Limited. For details of changes in the registered office of our Company, please refer to the chapter entitled 'General Information' beginning on page no. 37 of the Draft Letter of Offer.

Registered Office: Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol Ahmedabad – 382 405;

Tel. No.: +91 972717 0232; **Email:** elloratradingltd@gmail.com; **Website:** <https://www.elloratradingltd.in/>;

Contact Person: Ms. Komal Jain, Company Secretary & Compliance Officer

OUR PROMOTERS: [●]		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF VAXFAB ENTERPRISES LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY		
ISSUE OF UP TO 72,00,000 EQUITY SHARES WITH A FACE VALUE OF RS. 10.00 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF RS. 18.00 EACH INCLUDING A SHARE PREMIUM OF RS. 8.00 EACH PER RIGHTS EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT UP TO Rs. 12.96 CRORES* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 6 RIGHTS EQUITY SHARES FOR EVERY 1 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] DAY, [●] (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.80 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 191.		
*Assuming full subscription with respect to Rights Equity Shares.		
WILFUL DEFAULTER OR FRAUDULENT BORROWER		
Neither our Company nor any of our Promoters or Directors has been categorized as a Wilful Defaulter or Fraudulent Borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines issued by the Reserve Bank of India.		
GENERAL RISK		
Investment 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 with such 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 our Company and the Issue including the risks involved. The Rights 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 this Document. Specific attention of investors is invited to the statement of “Risk Factors” on page 21 before making an investment in this Issue		
ISSUER’S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Draft Letter of Offer 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 Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The existing Equity Shares are listed on the BSE Limited (“BSE”) and The Calcutta Stock Exchange Limited (“CSE”) (the “Stock Exchanges”). Our Company has received ‘in-principle’ approval from the BSE and CSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letters dated [●] and [●], respectively. Our Company will also make an application to the Stock Exchanges to obtain the trading approval for the Rights Entitlements as required under the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/13) dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.		
REGISTRAR TO THE ISSUE	BANKERS TO AN ISSUE	
Skyline Financial Services Private Limited Address: D-153A, 1 st Floor, Okhla Industrial Area, Phase-I, New Delhi – 110 020 Tel: +91-11-40450193-97, 26812682-83 Email: info@skylinerta.com Investor Grievance Email: grievances@skylinerta.com Website: www.skylinerta.com Contact Person: Mr. Vijay Kumar SEBI Registration No.: INR000003241r CIN: U74899DL1995PTC071324	[●]	
[●]	[●]	
ISSUE PROGRAMME		
ISSUE OPENS ON: [●]	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON: [●]#
* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date. # Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.		

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TABLE OF CONTENTS

TITLE	PAGE [•] NO.
SECTION I – GENERAL	4
Definitions and Abbreviations	4
Notice to Investors	13
Presentation of financial and other information	15
Forward Looking Statements	17
Summary of this Draft Letter of Offer	19
SECTION II – RISK FACTORS	21
SECTION III – INTRODUCTION	36
The Issue	36
General Information	37
Capital Structure	43
Objects of the Issue	45
Statement of Special Tax Benefits	49
SECTION IV – ABOUT OUR COMPANY	52
Industry overview	52
Our Business	107
Key regulations and policies	110
Business overview	125
Our Management	127
SECTION V – FINANCIAL INFORMATION	131
Financial Statements	131
Accounting Ratios	167
Capitalization Statement	168
Management's Discussion and Analysis of Financial Condition and Results of Operations	169
Market price information	176
SECTION VI – LEGAL AND OTHER INFORMATION	177
Outstanding Litigation and Defaults	177
Government and other statutory approvals	182
Material information and developments	183
Other Regulatory and Statutory Disclosures	184
SECTION VII – ISSUE RELATED INFORMATION	191
Terms of the Issue	191
Restrictions on Foreign Ownership of Indian Securities	219
SECTION VIII – OTHER INFORMATION	223
Material Contracts And Documents For Inspection	223
Declarations	224

SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below, which you should consider when reading the information contained herein.

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer, but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits, Financial Statements, Industry Overview, Summary of this Draft Letter of Offer, Outstanding Litigation, Material Information and Developments and Term of the Issue Related beginning on page 49, 131, 52, 19, 177, 183 and 191, respectively, shall have the meaning given to such terms in such sections.

I. GENERAL TERMS

Vaxfab Enterprises Limited	Unless the context otherwise indicates or implies refers to Vaxfab Enterprises Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol Ahmedabad – 382 405
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II. COMPANY RELATED TERMS

TERM	DESCRIPTION
Act/ Companies Act	The Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
Articles / Articles of Association / AOA	The Articles of Association of our Company, as amended from time to time
Auditor / Statutory Auditor	The statutory auditor of our Company, being M/s. SSRV & Associates, Chartered Accountants
Audited Financial Statements/ Audit Reports	Audited Financial Statements refers to the audited report for the Financial Years ending on March 31, 2022
Board/ Board of Directors	Board of Directors of our Company, including any committees thereof
Managing Director	Managing Director of our Company, being Mr. Devi Singh
Chief Financial Officer	Chief financial officer of our Company, being Mr. Yash Chauhan
Company Secretary & Compliance Officer	Company Secretary & Compliance Officer of our Company in this case being, Ms. Komal Jain
Director(S)	The director(s) on the Board of our Company, unless otherwise specified
Equity Shareholder/ Shareholders	A holder of Equity Shares
Equity Shares	The equity shares of our Company of a face value of Rs. 10.00 each, unless otherwise specified in the context thereof.
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations.
Key Management Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations.
Memorandum / Memorandum of Association / MOA	Memorandum of association of our Company, as amended from time to time
Promoter(s)	Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(oo) of the SEBI ICDR Regulations

	and as disclosed by our Company in the filings made with the Stock Exchange under the SEBI Listing Regulations.
Promoter Group	Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and as disclosed by our Company in the filings made with the Stock Exchange under the SEBI Listing Regulations.
Registered Office	The registered office of our Company located at Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol Ahmedabad – 382 405;
Registrar of Companies / Registrar of Companies, Gujarat / ROC	The Registrar of Companies, Gujarat.
Secretarial Auditor of the Company	M/s. Gaurav Bachani & Associates, Company Secretaries, Ahmedabad
Statutory Auditors	The current statutory auditors of our Company, Viz., M/s. SSRV & Associates, Chartered Accountants, Mumbai
Subsidiaries	Companies or body corporates constituting the subsidiary of our Company as determined in terms of Section 2(87) of the Companies Act, 2013

III. ISSUE RELATED TERMS

TERM	DESCRIPTION
Abridged Letter of Offer ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI ICDR Regulations and the Companies Act.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
Allot / Allotted / Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Accounts	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Bank	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●] .
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the issue.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Equity Shares in terms of this Draft Letter of Offer.
Application	Application made by the Applicant through (i) submission of the Application Form or plain paper Application to the Designated Branch of the Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable at the time of Application, i.e., Rs. 18.00 per Rights Equity Shares applied for in the Issue at the Issue Price

Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Applicant(s) to make an application authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Applicant / ASBA Investor	Applicant/Investor proposing to subscribe to the Issue authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
Banker(s) to the Company	Bank of [●]
Banker(s) to the Issue/ Escrow Collection Bank	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being [●]
Banker to the Issue Agreement	Agreement dated [●] to be entered into by and among our Company, the Registrar to the Issue, the Advisor to the Issue and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “Terms of the Issue” on page 191.
Call	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies.
Call Monies	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule of Rights Equity Shares, being Rs. 18.00 per Rights Equity Share after payment of the Application Money. For further details, see “Terms of Issue” beginning on page 191.
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.
Controlling Branches / Controlling Branches of the SCBSs	Such branches of the SCBSs which coordinate bids under the Issue with the Registrar to the Issue and the Stock Exchange, a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, from the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996

Draft Letter of Offer / DLOF	This Draft Letter of Offer dated November 07, 2022
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date, i.e. [●]. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “Notice to Investors” on page 13.
"Escrow Collection Bank", "Allotment Account Bank(s)" or "Refund Bank(s)"	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, [●]
General Corporate Purposes	General Corporate Purposes General corporate purposes shall have the meaning as determined in Regulation 2(1)(r) of the SEBI ICDR Regulations.
GIR	General Index Registrar
IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, being [●] and the Renouncee(s).
Issue / Rights Issue	Issue of up to 72,00,000 equity shares with a face value of Rs. 10.00 each (“Rights Equity Shares”) of our company for cash at a price of Rs. 18.00 each including a share premium of Rs. 8.00 per rights equity share (“Issue Price”) for an aggregate amount up to Rs. 12.96 crores* on a rights basis to the existing equity shareholders of our company in the ratio of 6 (Six) Right equity shares for every 1 (One) Fully paid-up equity shares held by the existing equity shareholders on the record date, that is on [●] day, [●] (the “Issue”). The issue price for the rights equity shares is [●] times the face value of the equity shares. *Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	Rs. 18/- per Rights Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	Issue of up to 72,00,000 Rights Equity Shares aggregating to an amount up to Rs. 12.96 Crores.
Letter of Offer / LOF	The final letter of offer dated [●] to be issued by our Company in connection with the Issue.
Material Subsidiaries	Our Company does not have any Material Subsidiaries as of now except as defined under “Subsidiaries” above.
MCA Circulars	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India, read with the circular dated August 3, 2020
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue-related expenses. For details, see “Objects of the Issue” on page 45.
Non-Institutional Investor(s) / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.

On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●]
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws.
QIBs / Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being, [●].
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar / Registrar to the Company and Issue/RTA	Registrar / Registrar to the Company being Skyline Financial Services Private Limited
Registrar Agreement to Issuer	Agreement dated [●] entered between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹ 200,000 (including an HUF applying through karta) in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements/ REs	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares / Rights Shares	Equity Shares of our Company having a face value of Rs. 10.00 per share and to be Allotted pursuant to the Issue.
SEBI Rights Issue Circulars	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Self-Certified Syndicate Banks / SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchanges	BSE Limited where the Equity Shares of the Company are presently listed.

Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter or a Fraudulent Borrower	A wilful defaulter or a Fraudulent Borrower, as defined under the SEBI ICDR Regulations
Working Day	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Ahmedabad are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Ahmedabad are open for business. Furthermore, for the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

IV. INDUSTRY RELATED TERMS

TERM	DESCRIPTION
ACE	ACE Derivatives Exchange
MSP	Minimum Support Price
MCX	Multi Commodity Exchange
NCDEX	National Commodity and Derivatives Exchange
NMCE	National Multi Commodity Exchange
WEO	World Economic Outlook

V. CONVENTIONAL AND GENERAL TERMS OR ABBREVIATIONS

TERM	DESCRIPTION
₹/ Rs./ Rupees/ INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Bn	Billion
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Companies Act	Erstwhile Companies Act, 1956, and new Companies Act, 2013 and the rules made thereunder
Competition Act	Competition Act, 2002

Consolidated FDI Policy	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPS	Earnings per Share
ERP	Enterprise Resource Planning
Exchange Information	Collectively constitutes and includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports.
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rule	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial year/ FY / Fiscal	Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors registered under the FVCI Regulations FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product
Government / GOI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Income-tax Act / I.T. Act / IT Act	Income-tax Act, 1961
I. T. Rules	Income Tax Rules, 1962
India	Republic of India
IPO	Initial public offering
ISIN	International Securities Identification Number allotted by the depository
IT / IT Act	Information Technology, Information Technology Act, 2000

Listing Agreements	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
Mn.	Million
MOU	Memorandum of Understanding
Mutual Fund	Mutual fund registered with SEBI under the SEBI (Mutual Fund) Regulations, 1996.
NA / N.A.	Not Applicable
NACH	National Automated Clearing House which is a consolidated system of ECS
NAV	Net asset value
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, writeback of depreciation and amalgamation
NI Act	Negotiable Instruments Act, 1881
NSDL	National Securities Depositories Limited
NR / Non-Resident	A person resident outside India, as defined under the FEMA
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI	A person resident outside India as Non-Resident Indian, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA.
OCI	Overseas Citizen of India
p.a.	Per Annum
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price / Earnings Ratio
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Regulation S	Regulations S under the Securities Act
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956

SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI PIT Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SDR	Strategic Debt Restructuring
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
State Government	Government of a state of India
TAN	Tax Deduction Account Number
Trade Marks Act	Trade Marks Act, 1999
UAE	United Arab Emirates
U.S.	United States of America
USD	United States Dollar
U. S. QIB	A qualified institutional buyer as defined in Rule 144A under the Securities Act
US Securities Act	United States Securities Act of 1933
VCF	A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.
YOY	Year on Year

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the SEBI ICDR Regulations, the Depositories Act and the rules and regulations made thereunder.

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform them about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch through email and courier this Draft Letter of Offer / Abridged Letter of Offer, Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, this Draft Letter of Offer will be provided, through email and courier, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Stock Exchanges, subject to the applicable law.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Neither the delivery of this Draft Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("United States"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and this Draft Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Draft Letter of Offer, the terms “we”, “us”, “our”, the “Company”, “our Company”, unless the context otherwise indicates or implies, refers to Vaxfab Enterprises Limited.

Financial Data

Unless stated otherwise, financial data in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements for the financial year ended 31st March, 2022 and 2021 which have been prepared by our Company in accordance with Indian accounting standards as specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended and are also included in this Draft Letter of Offer.

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular ‘Financial Year’ or ‘Fiscal Year’ or ‘Fiscal’ are to the financial year ended March 31.

In this Draft Letter of Offer any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Draft Letter of Offer.

Currency and Units of Presentation

In this Draft Letter of Offer, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US\$’ or ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America. All references to the word ‘Lakh’ or ‘Lac’ or ‘Lacs’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten lakhs’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’. Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

Exchange Rates

This Draft Letter of Offer does not contain conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

Market and Industry Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer have been obtained or derived from publicly available information. Publicly available Information generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified and neither we, nor any of our affiliates, jointly or severally, make any representation as to its accuracy or completeness. The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section "Risk Factors" beginning on page 21 of this Draft Letter of Offer.

Conversion rates for foreign currency

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Name of Currency	(Amt. in Rs.)	
	31-03-2022	31-03-2021
1 U.S. Dollar	75.81	73.50
1 EUR	84.66	86.10
1 GDP	99.55	100.95

Source: www.fbil.org.in

FORWARD LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” and “Industry Overview”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘expected to’, ‘future’, ‘intend’, ‘is likely’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘will continue’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. However, these are not the exclusive means of identifying forward looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward looking information. All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

Forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results to differ materially from our Company’s expectations include, among others:

- Uncertainty of the continuing impact of the COVID-19 pandemic on our business and operations;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Any failure or disruption of our information technology system;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled “Risk Factors” beginning on page 21 of this Draft Letter of Offer. By their very nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact or net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections.

Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements.

In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer. Neither our Company, our Directors, our Promoter nor any of their respective affiliates or advisors have any obligation to update or revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that

described herein as anticipated, believed, estimated or expected. All subsequent forward- looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI ICDR Regulations, our Company will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchange.

SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Draft Letter of Offer, including the sections titled “Risk Factors”, “Objects of the Issue”, “Industry Overview”, “Our Business”, “Financial Statements”, “Outstanding Litigation and Defaults”, “Terms of the Issue” on page 21, 45, 52, 107, 131, and 191 respectively.

Summary of our Business

VAXFAB Enterprises Limited (VAXFAB) is based in Ahmedabad and was established as a public limited in 1983.

For further details, see “*Business Overview*” on page 125.

Summary of Industry

Introduction

Presently the Company is into the business of Trading of Agriculture Products. Wherein, the Board of Directors of the Company has proposed to the carrying on the business of Trading Textile Products and Clothing. The sole intention of the right issue is to utilise the proceeding from the right issue for the established Textile and Clothing Division and also use it for the Trading of Agriculture Products division.

For further details, see “*Industry Overview*” on page 52.

Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

(Rs. In Lakhs)	
Particulars	Amount
To meet Working Capital requirement of the Company	1134.00
General corporate purposes	122.00
Issue related expenses	40.00
Total Issue Proceeds	1296.00

For further details, see “*Objects of the Issue*” on page 45.

Our Promoter

The Promoter of our Company are Saurabh Tapuriah and Rajesh Mulani and the Company has applied for Reclassification of Promoters vide Application number 158080 dated 20th August, 2022 and the application is under process. Further Promoters has no nexus between Company and also Promoters is not controlling the Board Structure.

Intention and extent of participation by our Promoters and Promoter Group

The Company has applied for Reclassification of Promoters vide Application number 158080 dated 20th August, 2022 and the application is under process. Although Promoters has no nexus between Company and also Promoters is not controlling the Board Structure. Hence the Company is having No Promoters, therefore this clause is not applicable.

Summary of Financial Information

The following table sets forth summary financial information derived from the Audited Financial Statements of the Company. The financial information as of and for the financial year ended March 31, 2022 and 2021 is derived from the comparatives presented in the Consolidated Audited Financial Statements.

(Rs. in Lakhs)

Particulars	As at and for the year ended March 31,	
	2022	2021
Equity Share Capital	120.00	120.00
Preference Share Capital	26.00	26.00
Net Worth	312.35	312.11
Total Income	37.32	120.33
Profit/ (Loss) after tax	0.24	(1.24)
Basic & Diluted EPS	0.02	(1.24)
Net asset value per Equity Share	23.86	23.84
Total borrowings #	2.48	6.98

consists of borrowings under non-current liabilities and borrowings under current liabilities

Qualifications of the Auditors

There are no qualifications, reservations and adverse remarks made by our Statutory Auditors in their report which requires any adjustment to audited standalone financial statements of the Company for the financial year 2021-22, 2020-21 and 2019-20.

Summary of Contingent Liabilities

For details regarding our contingent liabilities for FY 2022 and FY 2021, please refer to ***Financial Statements*** beginning on page 131.

Summary of Related Party Transactions

For details of our related party transactions for FY 2022 and FY 2021, please refer to ***Financial Statements*** beginning on page 131.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, members of our Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of the Company, other than in the normal course of financing entity during the period of six months immediately preceding the date of this Draft Letter of Offer.

Issuance of Equity Shares for consideration other than cash in the last one year

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Draft Letter of Offer.

Outstanding Litigations:

For details, see ***Outstanding Litigations and Defaults*** beginning on page 177 this Draft Letter of Offer.

Risk Factors

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, see ***Risk Factors*** on page 21.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective Investors should carefully consider all the information disclosed in this Draft Letter of Offer, including the risks and uncertainties described below and the “Financial Statements” on page 131, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with “Our Business”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 107, 52, and 169, respectively, as well as the other financial information included in this Draft Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adverse. By affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below.

However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries. For further information, see “Forward Looking Statements” on page 17.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements and Unaudited Financial Results included in this Draft Letter of Offer. For further information, see “Financial Statements” on page 131. In this section, unless the context otherwise requires, a reference to “our Company” is a reference to VAXFAB Enterprises Limited on a standalone basis, while any reference to “we”, “us”, is a reference to VAXFAB Enterprises Limited on a consolidated basis.

1. Mr. Saurabh Tapuriah and Mr. Rajesh Mulani, who are promoters of the Company has applied for reclassification of Promoter with BSE Limited. After the acceptance of said application for reclassification of the Promoter, there is no Promoter and Promoter Group in the Company. Further, the Company is managed by the Professional Persons.
2. We are heavily dependent on technology in carrying out our business activities and it forms an integral part of our business. If we face failure of our information technology systems, we may not be able to compete effectively which may result in lower revenue, higher costs and would adversely affect our business and results of operations. Our continued growth depends on the ability and performance of our existing technology that is utilized and will be utilized in the production of our products. Further, our Company

also has an ERP system which integrates and collates data of purchase, sales, reporting, accounting, stocks, etc. Our Company also employs the use of data driven decision making in the production process. We also have automatic material transportation and package handling systems and automated warehouse management systems across our operations which meet global inventory management standards. We may in the future experience disruptions, outages and other performance problems with our infrastructure due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints, distributed denial-of-service attacks or other security-related incidents. In some instances, we may not be able to identify the cause or causes of these performance problems immediately or in short order. We may not be able to maintain the level of production if there is an interruption or outage in the technology that we currently employ. Frequent or persistent interruptions in the production process could cause customers to believe that our products are unreliable, leading them to switch to our competitors or to otherwise avoid our products. This could negatively impact market acceptance of our business and our financial condition, and the results of operations could be adversely affected.

3. The Company has changed the main object of the Memorandum and Article of Association of the Company and started the business of trading Cloth and Textile Products. Hence, the Company has less experience in the business of trading Cloths and Textile Products; although the Company is hired experienced professionals for the trading segment, the profitability, of the Company is in depends on the hired professionals, the Company has no experience or less experience in the trading segment.
4. The Company's Equity shares are listed on also listed on the Calcutta Stock Exchange, the Calcutta Stock Exchange has raised penalties for non-compliance LODR. The Company is in the process of settling the same.
5. Our Company's logo is not a registered trademark, and accordingly, we may not be able to safeguard it from infringement or passing off.

We believe that trademarks are important assets to our business. Our ability to attract and retain customers is dependent upon public perception and recognition of the quality associated brand. Our success depends on our ability to maintain the brand image of our existing products and effectively build our brand image for new products and brand extensions. Any damage to our brand could adversely impact the trust placed in the brand and our reputation and cause existing customers or intermediaries to withdraw their business and reconsider doing business with us. Furthermore, negative publicity may result in increased regulation and legislative scrutiny of industry practices as well as increased litigation, which may further increase our costs of doing business by requiring us to make provisions or consider claims under such litigations as contingent liabilities and adversely affect our profitability.

In relation to our other pending applications, third-parties may seek to oppose or otherwise challenge these registrations. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted. We believe that there may be other companies or vendors which operate in the unorganized segment using our tradename or brand names. Although there have not been such incidents in the past, any such activities may harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition. Currently, we do not have any form of

intellectual property protection in relation to the designs of our products and consequently do not enjoy the statutory protections accorded to such designs in India and cannot prohibit the use of such designs by anybody by means of statutory protection. Any unauthorized usage by a third party of logo that is being used by us may create confusion in the market as to our identity and/or may have a material adverse effect on our reputation, goodwill, business prospects and results of operation too. Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may decrease. Further, while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights. Any claims of intellectual property infringement from third parties, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. The risk of being subject to intellectual property infringement claims will increase as we continue to expand our operations and product offerings. As a result of such infringement claims, we could be required to pay third party infringement claims. The occurrence of any of the foregoing could result in unexpected expenses.

6. Our expansion into new product categories and a substantial increase in the number of products offered may expose us to new challenges and more risks.

We currently operate our trading business under two distinct business verticals, namely, a) Clothing and b) Textile products. We have a diversified product range with a high share of value-added products which are produced/traded after extensive in-house research. We continuously develop new products and have recently set up a new business, in which we have limited experience. Our limited experience with such new products may expose us to new challenges which may in turn also impact our product mix and revenues in future. We experience sales returns and quality compensation regularly in our normal course of business. Further, our customers may reject the entire order if the products developed are not as per their expectations and we run the risk of recall and any product liability due to defects in our products. Therefore, our past results of operations should not be taken as indicative of our future performance. If we cannot successfully manage our product mix, address new challenges or compete effectively, we may not be able to recover costs of our investments and eventually achieve profitability, and our future results of operations and growth prospects may be materially and adversely affected.

7. We do not have firm commitments or long-term supply agreements with a majority of our customers and instead rely on purchase orders. Many of the purchase orders we receive from our customers specify a price per unit and delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place; it may adversely impact our production schedules. Cancellations or unanticipated variations or scope or schedule adjustments may occur due to unforeseen circumstances. The occurrence of any such events may lead to the cancellation of orders or the deferment of revenue, which may adversely affect our business, results of operations and financial condition. Additionally, as we do not bind a majority of our customers to any long-term agreements specifying a certain volume of business required to be transacted between us, our customers may terminate their relationship with us, with or without cause, with no advance notice and without compensation. Consequently, there is no commitment on the part of the customer to continue to place new purchase orders with us and as a result, our sales from period to period may fluctuate significantly. Further, absence of any contractual exclusivity in relation to our business arrangements with our customers poses a threat on our ability to be able to continue to supply our products to these customers in the future. If we

overestimate demand, we may incur additional raw materials costs and manufacture a higher of number of products than required. Similarly, if we underestimate demand, we may not procure sufficient raw material in a timely manner, which could impact our production and delivery schedules. Any significant inaccuracy in demand forecasting may adversely impact our ability to deliver products to customers in a timely manner, or at a competitive cost, which may adversely affect our business, results of operations and financial condition.

8. The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Any error in our forecast could result in either surplus stock, which we may be unable to sell in a timely manner, or at all, or under-stocking, which will affect our ability to meet customer demand. We plan our inventory and commence our production based on the forecast and anticipated demand. We have inventory manufactured and stored at our warehouses and seek to maintain an optimal level of inventory which is important to our business as it allows us to respond to customer demand effectively.
9. The facilities of our suppliers are subject to various operating risks, including some of which are beyond their control, such as the breakdown and failure of equipment, industrial accidents, employee unrest, severe weather conditions and natural disasters. Further, since a significant majority of the facilities of our raw materials suppliers are located in a particular region in India, any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect operations at our raw materials suppliers' facilities. Further, if our suppliers fail to comply with applicable laws, including environmental laws, they risk having their facilities shut down, which may adversely affect our operations. The occurrence of any such event may adversely affect our business, results of operations and financial condition. We cannot assure you that we will always be able to arrange alternate sources of our raw materials, at prices acceptable to us, or at all, or that we will be able to pass on any increase in cost to our customers, although we endeavour to do so. Any inability on our part to arrange for alternate sources for raw materials, on commercially acceptable terms, may have an adverse effect on our business, results of operations and financial condition.
10. We rely on third party logistic and support service providers including for transportation services at multiple stages of our business activities, including for procurement from our suppliers and for transportation of our products to our customers and warehousing facilities. We generally use water and road transportation services to meet our transportation requirements.

We may face transportation risks including damage or losses of goods in transit, delay in deliveries to our customers etc. due to loss or pilferage, which we may not be able to fully recover from our service provider or from our insurance coverage. Further, while we adjust freight costs in the cost of products sold to our customers, we bear transportation risk for the duration of transit. In addition, we may be required to replace a service provider if its services do not meet our safety, quality or performance standards or the partner's noncompliance with applicable laws or if it should unexpectedly discontinue operations due to reasons beyond its or our control. Any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or inability to deliver our products to our customers, or may require us to look for alternative means of transportation which may not be cost or time efficient, thereby adversely affecting our operations, profitability, reputation and market position. Our operations and profitability are dependent upon the availability of reliable logistic and support services in a timely and cost-efficient manner and any disruption in these services including transportation services or increase in their cost may affect our business, financial condition and results of operations.

11. Our products are susceptible to pilferages, damages and manufacturing defects, if not appropriately stored, handled and processed, which may affect the quality of the finished product. In the event such a contamination is detected at the facility during quality checks, we may be required to repair the machines and discard the batches resulting in a temporary suspension of manufacturing activities and lower capacity utilizations, which could materially and adversely affect our business, financial condition, results of operations, or cash flows. Improper storage may also result in higher than usual spoilage of inventory, which may also require us to incur additional expenses in replacing that portion of the inventory and/ or incur additional expenses in maintenance and improvement of our storage infrastructure, which may adversely affect our profit margins.
12. We engage independent contractors through whom we engage contract labourers for performance of certain functions at our manufacturing facility. Although we do not engage these labourers directly, we are responsible for any wage and statutory payments to be made to such labourers in the event of default by such independent contractors. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Any need to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions. In addition, we may be liable for or exposed to litigations, sanctions, penalties or losses arising from accidents or damages caused by our workers or contractors.
13. Our business is subject to government regulations and we require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we may not be in compliance with certain conditions prescribed by such approvals or licences. Our failure to obtain such licences and approvals and comply with the applicable laws and regulations could lead to imposition of sanctions by the relevant authorities, including penalties. For further details, see “Government and Other Approvals” on page 182. Further, fresh and renewal applications for approvals, licenses, registrations and permissions for operating our business need to be made within certain timeframes. While we have made fresh applications for few approvals and licenses, we cannot assure you that we will receive these approvals in a timely manner or at all. Further, in future we will be required to apply for the renewal of approvals and permits for our business operations to continue. If we are unable to make applications and renew or obtain necessary permits, licenses and approvals on acceptable terms, in a timely manner or at all, we may be required to shut down or relocate our offices or warehouses and face other consequences due to which our business operations may be adversely affected.
14. To continue to grow our business, it is important that we continue to acquire new customers. Our success in adding new customers depends on numerous factors, including our ability to offer various value-added products, execute our sales and marketing strategy, attract, effectively train, and retain new sales, marketing, professional services, and support personnel, develop or expand relationships with distributors, expand into new geographies and verticals, effectively manage and forecast our customer count, and expand our use cases for our existing customers. It is important for our continued growth that we retain our existing customers. Our customers have no longterm contracts or obligation to purchase our products at the same prices and terms or at all. Our customer retention may decline or fluctuate as a result of a number of factors, including our customers’ satisfaction with our products, our prices, reduction in our customers’ spending levels, availability of cheaper substitutes, etc. Our ability to increase revenue also depends in part on our ability to increase the number of value-added products to be offered to our existing and new customers.

15. Our distributors may discontinue their association without any notice and with little or no penalty. Further, new distributors would require extensive training in relation to the sale of our goods which would entail a substantial period of time to achieve the desired level of sales. The loss of a considerable number of distributors and the inability to replace them or the failure to recruit additional distributors could materially and adversely affect our results of operations and cash flows and also the pricing of the products offered by us which may in turn materially and adversely affect our business prospects, financial condition, results of operations and cash flows. It is also possible that, from time to time, our distributors may violate the terms of our arrangements, such as the pricing terms, and hence we may need to sever ties with certain of our distributors. We have in the past may also in the future, become aware of fraud and financial irregularities on behalf of our distributors which may have legal or financial implications for us.
16. We are constantly innovating and adapting and believe that our future success will depend on our ability to adapt and innovate. We believe that to attract new customers and increase revenue from our existing customers, we will need to enhance and improve our current products on an ongoing basis and introduce new products based on continuing changes in technology, industry standards and client preferences. Due to the inherent limitations in such a process, the new products that we seek to develop may not be introduced in a timely or cost-effective manner and may contain errors or defects. We have experienced delays in our internally planned introduction of new products in the past and there can be no assurance that the products.

We seek to introduce in the future, will be released according to schedule. We currently considerably depend on technology and may also invest in various technologies that we believe will enhance our production process and enable us to introduce new products. However, we may not be able to integrate some technologies successfully or achieve the expected benefits of such technologies. If we are unable to integrate new technologies to the current technology, the products manufactured by us may not meet the needs of our existing or potential customers in a timely and effective manner, or if a customer is not satisfied with the standard of our products, we could incur additional costs to address the situation and our business, results of operations and financial performance could be adversely affected. An inability to recognise and incorporate evolving technology for the improvement of our products, whether due to technology capability or capital constraints could also have a significant adverse impact on our business and competitive advantage.

17. We will continue to incur significant expenditure in maintaining and growing our existing infrastructure and developing and implementing new technologies. Our strategy to grow our business may require us to raise additional funds for our working capital or long-term business plans. While we have historically funded our capital expenditure primarily through internal accruals and cash flow from operations, we cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, venture capital funds, joint-venture partners and other strategic investors. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. Our financing agreements may contain terms and conditions that may restrict our ability to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for our indebtedness. If we are

unable to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms or at all, we may be forced to delay our expansion plans, downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

18. Our products may contain quality issues or undetected errors or defects, especially when first introduced or when new products are developed, resulting from the design or manufacture of the product or raw materials used in the product. We experience sales returns and quality compensation regularly in our normal course of business. We have implemented quality control processes and regularly conduct inspections of raw materials sourced from suppliers and finished products manufactured by us on the basis of our internal quality standards. However, we cannot assure you that our quality control processes will not fail or the quality tests and inspections conducted by us will be accurate at all times. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality assurance procedures, negligence, human error or otherwise, may damage our products and result in deficient products. We also face the risk of legal proceedings and product liability claims being brought against us by our customers for defective products sold. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs in defending such claims.
19. Our business could be adversely affected by any change in laws, municipal plans or interpretation of existing laws, or promulgation of new laws, rules and regulations applicable to us. Further, to process payments in some jurisdictions outside India we may need to appoint local payment settlement systems, we may also be subject to restrictions on repatriation of cash and earnings generated through sales made outside India. Further, any incentives, rebates or export subsidies that we currently avail or are eligible for, might not be continued by the government and we might not be able to avail such benefits in the future. In addition, the GoI has recently introduced certain labour legislations which consolidate, subsume and replace numerous existing central labour legislations. For further information, see “Key Regulations and Policies” on page 110. Further, any change in the implementation of health, safety or environment laws may impose additional costs and may increase our employee costs, thereby adversely affecting our business, results of operations, cash flows and financial condition. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and financial condition. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect our business, results of operations, cash flows and financial condition.
20. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you

that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

21. Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We have not paid any dividends in the past and may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations.
22. Some of the leave and license and lease deeds/agreements entered into by our Company with various parties for our leasehold properties are not adequately stamped and registered. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid, and the registration of such agreements has been done with the relevant authorities. As on the date of this Draft Letter of Offer, our Company has not initiated / been party to any litigation in this regard. Any claim or adverse order / finding in connection with these agreements could adversely affect the operations of our Company.
23. Natural disasters (such as earthquakes, fire, typhoons, cyclones, hurricanes and floods), pandemics, epidemics, strikes, civil unrest, terrorist attacks and other events, which are beyond our control, may lead to global or regional economic instability, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations. Any of these occurrences could cause severe disruptions to our daily operations and may warrant a temporary closure of our facilities. Such closures may disrupt our business operations and adversely affect our results of operations. Our operation could also be disrupted if our customers or business partners are affected by such natural disasters or epidemics.

An outbreak or epidemic, such as SARS, the H1N1 and H5N1 viruses or COVID-19 could cause general consumption or the demand for various products to decline, which could result in reduced demand for our services. See - “The continuing impact of the COVID-19 pandemic on our business and operations is uncertain and it may be significant and continue to have an adverse effect on our business, operations and our future financial performance” Such an outbreak or epidemic may significantly interrupt our business operations as health or governmental authorities may impose quarantine and inspection measures on us or our contractors, or restrict the flow of cargo to and from areas affected by the outbreak or epidemic.

Furthermore, certain regions in India have witnessed terrorist attacks and civil disturbances and it is possible that future terrorist attacks or civil unrest, as well as other adverse social, economic and political events in India could have a negative effect on us. Transportation facilities, including vehicles, can be targets of terrorist attacks, which could lead to, among other things, increased insurance and security costs. Regional and global political or military tensions or conflicts, strained or altered foreign relations, protectionism and acts of war or the potential for war could also cause damage and disruption to our business, which could materially and adversely affect our business, financial condition, cash flows and results of operations. Such incidents could create the perception that investments in Indian companies involve a higher degree of risk and such perception could adversely affect our business and the price of the Equity Shares. We may also face difficulty in accessing certain parts of India at certain times of the year or under adverse or inclement weather conditions.

24. Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any significant change may adversely affect our business and financials.
25. The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

26. Modernization and technology up gradation is essential to reduce costs and increase the output. Our production technology may become obsolete or may not be upgraded timely, hampering our operations and financial conditions. Although we believe that we have installed plant and machineries with the latest upgraded technology suitable for yarn production, we shall further continue to keep our technology updated. In case of

availability of an updated technology in the industry, we may be required to implement new technology as failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operation. Further, the cost in upgrading our technology may be significant which could substantially affect our finances and operations.

27. The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax (“GST”) regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.
28. We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are proposed to be listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. Factors that may adversely affect the Indian economy, and hence our results of operations may include:
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
 - any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
 - prevailing income conditions among Indian customers and Indian corporations;
 - epidemic or any other public health in India or in countries in the region or globally, including in India’s various neighbouring countries;
 - hostile or war like situations with the neighbouring countries;
 - macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
 - volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
 - decline in India’s foreign exchange reserves which may affect liquidity in the Indian economy;
 - downgrading of India’s sovereign debt rating by rating agencies;
 - difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and
 - any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares
29. Our Company is a limited liability company incorporated under the laws of India. All of our directors and executive officers are residents of India. Most of our Company’s assets are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons in India or to enforce judgments obtained against our Company or such parties outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including the United Kingdom, Singapore, UAE, and Hong Kong. A

judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended ("Civil Procedure Code"). The United States has not been notified as a reciprocating territory.

In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; such presumption may be displaced by proving want of jurisdiction. The Civil Procedure Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment. A foreign judgment rendered by a superior court (as defined under the Civil Procedure Code) in any jurisdiction outside India which the Government of India has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with public policy in Indian. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, entities, their directors and executive officers and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

30. The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of

operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

31. On listing, our Equity Shares will be quoted in Indian Rupees on the CSE and BSE. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.
32. We are not a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing compliances and reporting requirements to the Stock Exchanges, which require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

Further, as a listed company we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could affect our business, prospects, results of operations and financial condition and the price of our Equity Shares. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely manner.

33. The trading volume and market price of the Equity Shares may be volatile following the Offer. The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:
 - quarterly variations in our results of operations;
 - results of operations that vary from the expectations of securities analysts and investors;
 - results of operations that vary from those of our competitors;

- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
 - a change in research analysts' recommendations;
 - announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
 - announcements by third parties or governmental entities of significant claims or proceedings against us;
 - new laws and governmental regulations applicable to our industry;
 - additions or departures of key management personnel;
 - changes in exchange rates;
 - fluctuations in stock market prices and volume; and
 - general economic and stock market conditions.
34. Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, develop.
35. Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("STT"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, the Finance Act, 2020 does not require dividend distribution tax ("DDT") to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of a resident individuals and HUF. Similarly, any business income realised from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Further, the Finance Act, 2019 has made various

amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020.

Our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our Company's business, financial condition, results of operations and cash flows.

36. In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer. In accordance with current regulations and circulars issued of SEBI, our Equity Shares are required to be listed on the stock exchanges within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.
37. The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited with the Equity Shares within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.
38. We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

39. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

40. Under the Companies Act 2013 a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the preemptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

41. Our listed Equity Shares will be subject to a daily "circuit breaker" imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.
42. Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder our Company

SECTION III – INTRODUCTION THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on August 05, 2022 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.

The following is a summary of this Issue and should be read in conjunction with and is qualified in its entirety by, the information detailed in “*Terms of the Issue*” on page 191 of this Draft Letter of Offer.

PARTICULARS	SCHEME DETAILS
Equity Shares proposed to be issued	Up to 72,00,000 Rights Equity Shares
Rights Entitlements	6 Rights Equity Shares for every 1 Equity Share held on the Record Date.
Record Date	[●]
Face value per Equity Share	Rs. 10.00 per equity share
Issue Price per Rights Equity Share	Rs. 18.00 per equity share (including a premium of 8.00 per equity share)
Issue Size	Up to 72,00,000 equity shares of face value Rs. 10.00 each for cash at a price of Rs. 18.00 (Including a premium of Rs. 8.00) per Rights Equity Share up to an amount of Rs. 1296.00 Lakhs* *Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank pari pasu in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid-up prior to the Issue	12,00,000 Equity Shares of Rs. 10/- each
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Equity Shares) and having made fully paid-up	84,00,000 Equity Shares of Rs. 10/- each
Use of Issue Proceeds	For details, see “Objects of the Issue” on page 45 of the Draft Letter of Offer
Terms of the Issue	For details, see “Terms of the Issue” on page 191 of the Draft Letter of Offer
Security Code #	ISIN: [INE560T01015]; BSE Script Code & Id: 542803 & ELLORATRAD

#Our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, as may be required under applicable law.

For details in relation fractional entitlements, see "Terms of the Issue-Fractional Entitlements" beginning on page 191 of this Draft Letter of Offer.

GENERAL INFORMATION

Our Company was formed as Ellora Trading Limited is incorporated on 9th February 1983 and commences its Business Activity 16th February, 1984 as a Public Limited Company under the Companies Act 1956. At present registered office of the company is situated at Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol Ahmedabad – 382 405.

Registered Office

CIN : L51100GJ1983PLC093146
Address : Survey No. 229 Paiki, Plot No. 2 Nr Gandhi Estate, B/h Ashopalav Hotel,
Narol Ahmedabad – 382 405
Tel No. : 9727170232
Email Id : elloratradingltd@gmail.com
Website : <https://www.elloratradingltd.in/>
Contact Person : Ms. Komal Jain, Company Secretary & Compliance Officer

Corporate Office - The Company does not have a separate corporate office. Hence, the registered office and corporate office is one and same.

Address of the ROC

Our Company is registered with the Registrar of Companies, Gujarat, which is situated at the following address:

Address : ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura,
Ahmedabad - 380013,
Tel No. : +91 079-27438531
Email Id : roc.ahmedabad@mca.gov.in

DESIGNATED STOCK EXCHANGE

BSE Limited located at P. J. Towers, Dalal Street, Fort, Mumbai 400 001, Maharashtra, India is the Designated Stock Exchange for the proposed Rights Issues of the Company.

Change in Registered Office Address:

As on the date of filing this Draft Letter of Offer, Our Company's Registered Office is situated at Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol Ahmedabad – 382 405.

Following are the details of the change in the address of the registered office of our Company since incorporation:

Date	From Address	To Address	Reasons for Change
01-06-2007	138, Canning Street, 4 th Floor Calcutta – 700 001	113 Park Street, Kolkata, West Bengal – 700 016	For Administrative Purpose
01-06-2007	113 Park Street Kolkata West Bengal 700016	113A, Manohardas Katra, 208, Mahatma Gandhi Road, Kolkata, West Bengal - 700007	For Administrative Purpose
08-11-2011	113A, Manohardas Katra, 208, Mahatma Gandhi Road, Kolkata, West Bengal - 700007	811, Motilal Gupta Road, Kolkata, West Bengal - 700082	For Administrative Purpose
25-02-2016	811, Motilal Gupta Road Kolkata - 700082	2, N.C Dutta Sarani, Ground Floor, Room No.38, Sagar Etaste, Kolkata, West Bengal - 700001	For Administrative Purpose

29-07-2016	2, N.C Dutta Sarani, Ground Floor, Room No.38, Sagar Estate, Kolkata, West Bengal - 700001	A-307, 3rd Floor , Titanium City Centre, Near Sachin Tower, 100 Feet Road, Satellite,, Ahmedabad, Gujarat - 380015	For Administrative Purpose
22-11-2017	A-307, 3rd Floor , Titanium City Centre, Near Sachin Tower, 100 Feet Road, Satellite,, Ahmedabad, Gujarat - 380015	B-1006, Nar Narayan Complex, Near Swastik Char Rasta, Navrangpura, Ahmedabad - 380009	For Administrative Purpose
15-12-2020	B-1006, Nar Narayan Complex, Near Swastik Char Rasta, Navrangpura, Ahmedabad – 380 009	221, Second Floor, Ravija Plaza, Opp. Rambaug, Thaltej Silaj Road, Thaltej, Ahmedabad - 380059	For Administrative Purpose
04-06-2022	221, Second Floor, Ravija Plaza, Opp. Rambaug, Thaltej Silaj Road, Thaltej, Ahmedabad - 380059	911, Addor Aspire, Addor Aspire, Nr. Jahanvee Rd. University to Panjrapole Rd. Ahmedabad - 380015	For Administrative Purpose
17-10-2022	911, Addor Aspire, Addor Aspire, Nr. Jahanvee Rd. University to Panjrapole Rd. Ahmedabad - 380015	Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol Ahmedabad – 382 405	For Administrative Purpose

OUR BOARD OF DIRECTORS

The following table sets out details regarding our Board as on the date of this Draft Letter of Draft:

Name and Designation	Age	DIN	PAN Card No.	Address
Mr. Devi Singh, Managing Director	28	09528536	DRMPS0324D	57, Lala Bapa Nagar Society, Near Gayatri Ashram, Near Water Tank, Odhav, Ahmedabad City, 382415
Mr. Yash Chauhan, Non-Executive Director	27	09754778	BKEPC0392N	B/1, Ghatlodiya Police Line, Ghatlodiya, Chanakiyapuri Over Bridge Pasa, Ahmedabad-380061
Ms. Chinu Kalal, Non-Executive Independent Director	28	09568622	FCCPK9420H	Swagat Vatika Road, Banjariya, Kherwara, Udaipur, Rajasthan - 313803
Mr. Premaram Jaitaram Patel Non-Executive Independent Director	31	09324872	BEFPP9541D	1,Dharmasadan Park, Behind Nigam Society, Ghodasar Ahmedabad - 380050

MANAGING DIRECTOR

Name : **MR. DEVI SINGH**
Address : Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol Ahmedabad – 382 405
Tel No. : 9727123838
Email Id : elloratradingltd@gmail.com
Website : www.elloratradingltd.in

COMPANY SECRETARY & COMPLIANCE OFFICER

Name : MS. KOMAL HIRENKUMAR JAIN
Address : Survey No.229 Paiki, Plot No.2 Nr Gandhi Estate, B/h Ashopalav Hotel, Narol
Ahmedabad – 382 405
Tel No. : 9727123838
Email Id : elloratradingltd@gmail.com
Website : www.elloratradingltd.in

Investor Grievances

Investors are advised to contact the Company Secretary and Compliance Officer or Registrar to the Issue for any pre-Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer / CAF / letter of allotment, Split Application Forms, Share Certificate(s) or refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the CAF, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process as well as for non- ASBA process, see “Terms of the Issue” on page 191.

PEER REVIEW AND STATUTORY AUDITORS

Name : M/s. SSRV & Associates, Chartered Accountants,
Address : Office No. 215, 2nd floor, Gundecha Ind. Estate,
Akurli Road, Kandivali (E), Mumbai 400101
Tel No. : +91 22-67337024
Email Id : ssrvandassociates@gmail.com
Contact Person : Vishnu Kant Kabra
Membership No. : 403437
Firm Registration No. : 135901W

Further Peer Review Certificate Number 010246 dated 11th August, 2017 issued by Peer Review Board of the Institute of Chartered Accountants of India is expired on 10th August, 2021. Process for Renew of Peer Review Certificate is conducted and certificate will be made available before filing of Draft Letter of offer.

Internal Auditor of our Company

Name : M/s. Umesh Khese & Co
Address : 11 Kamlesh Society, Nr Old Dhor Bazar, Kankaria Road
Ahmedabad, 380022
Tel No. : 9426051864
Email Id : umesh.khese9@gmail.com
Contact Person : Mr. Umeshkumar Shyamrao Khese
Membership No. : 043132
Firm Registration No. : 145216W

Registrar to the Issue and Company

Name : Skyline Financial Services Private Limited
Address : D-153A, 1st Floor, Okhla Industrial Area, Phase-I,
New Delhi – 110 020
Tel No. : +91-11-40450193-97, 26812682-83
Email Id : info@skylinerta.com
Investor Grievance Email : grievances@skylinerta.com
Contact Person : Mr. Vijay Kumar
Website : www.skylinerta.com

SEBI Registration No. : INR000003241r

Bankers to the Company

Name : [●]
Address : [●]
Tel No. : [●]
Email Id : [●]
Contact Person : [●]
Website : [●]

Banker to the Issue / Refund Bank

The Banker to the Issue/ the Refund Bank shall be appointed prior to filing of the Letter of Offer.

Self -Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Registered Brokers

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 04, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the NSE at www.nseindia.com and BSE at www.bseindia.com respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at https://www1.nseindia.com/products/content/equities/ipos/asba_procedures.htm and <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> , as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges.

Statement of inter se allocation of responsibilities for the Issue

The Company has not appointed any merchant banker to the Issue (except for the purpose of obtaining pricing certificate, as may be required,) and hence there is no inter-se allocation of responsibilities.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

As the proposed Issue is of Rights Equity Shares, the appointment of debenture trustee is not required.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been appraised by any banks or financial institution or any other independent agency.

Expert Opinion

Except for the reports of the Auditor of our Company on the audited Financial Information and Statement of Tax Benefits, included in the Draft Letter of Offer, our Company has not obtained any expert opinions.

Changes in Auditors during the last three years

As on the date of filing this Draft Letter of Offer, Our Company's Statutory Auditor is M/s. SSRV & Associates, Chartered Accountants, Mumbai (FRN: 135901W)

Following are the details of the change in the Statutory Auditor of our Company in last 3 years:

Date of Appointment	Name of Resigning / Retiring Auditor	Name of New appointed Auditor
30/09/2019	-	M/s. Vishves A. Shah & Co.
18/08/2020	-	M/s. Vishves A. Shah & Co.
16/07/2022	M/s. Vishves A. Shah & Co.	M/s. SSRV & Associates

Underwriting

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue Size, or the subscription level falls below 90% of the Issue Size, after the Issue Closing Date on account of withdrawal of applications, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period, at such rates as prescribed under the applicable laws.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

PARTICULARS	SCHEDULE
Last Date for Credit of Rights Entitlements	: [●]
Issue Opening Date	: [●]
Last Date for On Market Renunciation of Rights Entitlements#	: [●]
Issue Closing Date*	: [●]
Finalization of Basis of Allotment (on or about)	: [●]
Date of Allotment (on or about)	: [●]

Date of Credit (on or about)	: [●]
Date of Listing (on or about)	: [●]

[#] *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

^{*} *Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date.

Our Company or the Registrar to the Issue will not be liable for any loss on account of non- submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see “**Terms of the Issue**” beginning on page 191.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at [●] after keying in their respective details along with other security control measures implemented there at. For further details, see “Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders” on page 191.

CAPITAL STRUCTURE

The share capital of our Company as of the date of this Draft Letter of Offer (before and after the Issue) is set forth below:
(Amount in Lakhs)

Particulars	Aggregate Value At Nominal Value	Aggregate Value At Issue Price
Authorized Share Capital		
90,00,000 Equity Shares of Rs. 10/- each	900.00	-
3,00,000 Preference Shares of Rs. 10/- each	30.00	-
Issued, Subscribed and Paid Up Share Capital before the Issue		
12,00,000 Equity Shares of Rs. 10/- each	120.00	-
2,60,000 Preference Shares of Rs. 10/- each	26.00	-
Present Issue in terms of this Draft Letter of Offer		
72,00,000 Equity Shares of face value Rs. 10/- each for Cash price of Rs. 18/- per Share including premium of Rs. 8/- per share	720.00	1296.00
Issued, Subscribed And Paid Up Share Capital After The Issue		
84,00,000 Equity Shares of Rs. 10/- each	840.00	
2,60,000 Preference Shares of Rs. 10/- each	26.00	
Securities Premium Account		
Before the Issue	138.00	
After the Issue	714.00	

Notes to Capital Structure

- There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.
- Intention and extent of participation by our Promoters and Promoter Group**

The Company has applied for Reclassification of Promoters vide Application number 158080 dated 20th August, 2022 and the application is under process. Although Promoters has no nexus between Company and also Promoters is not controlling the Board Structure. Hence the Company is having No Promoters, therefore this clause is not applicable.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10 (4) (b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

- The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI SAST Regulations is Rs. [●].
- At any given time, there shall be only one denomination of the Equity Shares of our Company.
- Except as disclosed in this Draft Letter of Offer, all Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer. Further, the Equity Shares to be allotted pursuant to the Issue, shall be

fully paid up. For further details on the terms of Issue, please see section titled “Terms of the Issue” beginning on page 191.

- **Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations**
- The shareholding pattern of our Company as on September 30, 2022, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/ellora-trading-ltd/elloratrading/542803/shareholding-pattern/>

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses (“Net Proceeds”) towards the following objects:

1. To meet Working Capital requirement of the Company; and
2. General corporate purposes

(Collectively, referred to herein as the “Objects”).

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

Utilization of Issue Proceeds

The details of the Issue Proceeds are set out below:

Particulars	Amount (Rs. In Lakhs)
Gross Proceeds of the Issue	1296.00
Less: Issue related expenses	40.00
Net Proceeds*	1256.00

* Assuming full subscription

Requirement of Funds

Particulars	Amount
To meet Working Capital requirement of the Company*	1134.00
General Corporate Purposes	122.00
Issue related expenses	40.00
Total	1296.00

* Utilization of Funds by way of Working Capital will also be used for new segment i.e. Textiles and Clothing business.

Utilization of Net Proceeds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects as follows:

(Rs. In Lakhs)	
Particulars	Amount
To meet Working Capital requirement of the Company	1134.00
General Corporate Purposes *	122.00
Total*	1256.00

*Please note that any portion of the Net Proceeds not deployed for the stated Objects in a particular Financial Year will be deployed by our Company in next Financial Year and/ or ahead of the estimated schedule of deployment. *Assuming full subscription. The amount utilized towards general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Means of Finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue and existing identifiable internal accruals.

Schedule of Implementation and Deployment of Gross Proceeds

(Rs. In Lakhs)

Objects of the Issue	Amount Proposed to be Funded from Net Proceeds at Application (Post adjustment of estimated issue expenses)	Proposed Schedule for Deployment of the Net Proceeds at Application*	
		For FY 2022-23 (1)	For FY 2023-24 (2)
To meet Working Capital requirement of the Company	1134.00	1134.00	0.00
General corporate purposes **	122.00	122.00	0.00
Issue expenses	40.00	40.00	0.00
Total ***	1296.00	1296.00	0.00

*Any portion of the Net Proceeds not deployed for the stated Objects in a particular Financial Year will be deployed by our Company in next Financial Year and/ or ahead of the estimated schedule of deployment.

** Subject to the finalization of the Basis of Allotment and the Allotment. While the amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.

*** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

The fund requirement and deployment is based on internal management estimates and our Company's current business plan and is subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution.

Any amount, deployed by our Company out of internal accruals towards the aforementioned objects till the date of receipt of Issue Proceeds shall be recouped by our Company from the Issue Proceeds of the Issue. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. Our historical funding requirements may not be reflective of our future funding plans. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition and other external factors which may not be within our control. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

As we operate in competitive environment, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects. For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "Risk Factors" beginning on page 21 of this Draft Letter of offer.

Details of utilization of Net Proceeds

2. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating to Rs. 122.00 Lakhs towards general corporate purposes, subject to such utilization not exceeding 25% of the Issue Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (a) funding growth opportunities, including strategic initiatives; (b) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (c) meeting any expenses incurred in the ordinary course of business by our Company including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) meeting of exigencies which our Company may face in course of any business, (e) brand building and other marketing expenses and (f) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object i.e., the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the next Fiscal.

3. Issue Related Expenses

The expenses for this Issue include issue management fees, registrar fees, legal advisor fees, monitoring agency fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs. **40.00** Lakhs.

Particulars	Estimates expenses (Rs. In Lakhs)	As a % of total estimated Issue related expenses	As a % of Issue size * #
Fees of, Banker to the Issue, Registrar to the Issue, Legal Advisor, Auditor's Fees, etc. including out of pocket expenses	[●]	[●]	[●]
Advertising, printing, distribution,	[●]	[●]	[●]
Particulars	Estimates expenses (Rs. In Lakhs)	As a % of total estimated Issue related expenses	As a % of Issue size * #
marketing and stationery expenses			
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue expenses *^	[●]	[●]	[●]

*Amount will be finalised at the time of filing of the Letter of Offer and determination of Issue Price and other details.

* Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards General Corporate Purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Issue.

^Excluding taxes

#Assuming full subscription

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily keep the Net Proceeds in deposits in one or more scheduled commercial banks (as included in the second schedule to the Reserve Bank of India Act, 1934) or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by the SEBI.

In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Monitoring of Utilization of Funds

As the issue size is below Rs.100 Crores, no monitoring agency has been appointed.

Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency, in accordance with applicable law.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Key Industry Regulations for the Objects of the Issue

No additional provisions of any acts, regulations, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

Other Confirmations

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, the Directors, associates or Key Management Personnel, except as stated above and in the normal course of business and in compliance with applicable.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,
Board of Directors
Vaxfab Enterprises Limited
Survey No.229 Paiki,
Plot No.2 Nr Gandhi Estate,
B/h Ashopalav Hotel,
Narol,
Ahmedabad – 382 405

Dear Sirs,

Re: Statement of Special Possible Tax Benefits available to Vaxfab Enterprises Limited and its shareholders.

We report that the enclosed statement in the Annexures, states the possible special tax benefits under direct and in direct tax laws and Income tax Rules, 1962 including amendments made by the Finance Act, 2021 and the Taxation Laws (Amendment) Act, 2019 (hereinafter referred to as 'Income Tax Laws'), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, as amended, the rules and regulations, circulars and notifications issued there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the Act. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company and its shareholders faces in the future, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The benefits discussed in the enclosed Annexures are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. We are not suggesting or advising the investor to invest in the Offer, based on this statement.

We do not express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain these benefits in future; or
- (ii) The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Yours faithfully,

For SSRV & Associates,
Chartered Accountants

Vishnu Kant Kabra
Partner
FRN: 135901W
Membership No.: 403437
UDIN: 22403437BASIED1809

Place: Mumbai
Date: 22nd October, 2022

ANNEXURE 1
STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO VAXFAB ENTERPRISES LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

I. UNDER THE INCOME – TAX ACT, 1961 (hereinafter referred to as the ‘Act’)

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Act

There are no special tax benefits available to the shareholders of the Company.

Notes:

- a) The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c) The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23.
- d) This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her investment in the shares of the Company.
- e) In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f) No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2
STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO VAXFAB ENTERPRISES LIMITED
(THE“COMPANY”) AND ITS SHAREHOLDERS

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively referred to as “indirect tax”)

1. Special indirect tax benefits available to the Company under the Act

There are no special indirect tax benefits available to the Company.

2. Special indirect tax benefits available to the shareholders under the Act

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the Shares of the Company.

Notes:

- a) The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b) The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
- c) This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her investment in the shares of the Company.

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Letter of Offer, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 21 and 131 of this Draft Letter of offer.

Presently the Company is into the business of Trading of Agriculture Products. Wherein, the Board of Directors of the Company has proposed to the carrying on the business of Trading Textile Products and Clothing. The sole intention of the right issue is to utilise the proceeding from the right issue for the established Textile and Clothing Division and also use it for the Trading of Agriculture Products division.

We have bifurcated Industrial Overview into two different segments.

Agriculture Division:

GLOBAL ECONOMIC OVERVIEW

Global growth is projected at –4.9 percent in 2020. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

There is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects—as the June 2020 Global Financial Stability Report (GFSR) Update discusses—raising the possibility that financial conditions may tighten more than assumed in the baseline. In most recessions, consumers dig into their savings or rely on social safety nets and family support to smooth spending, and consumption is affected relatively less than investment. But

this time, consumption and services output have also dropped markedly. The pattern reflects a unique combination of factors: voluntary social distancing, lockdowns needed to slow transmission and allow health care systems to handle rapidly rising caseloads, steep income losses, and weaker consumer confidence. Firms have also cut back on investment when faced with precipitous demand declines, supply interruptions, and uncertain future earnings prospects. Thus, there is a broad based aggregate demand shock, compounding near-term supply disruptions due to lockdowns.

In the baseline, global activity is expected to trough in the second quarter of 2020, recovering thereafter. In 2021 growth is projected to strengthen to 5.4 percent, 0.4 percentage point lower than the April forecast. Consumption is projected to strengthen gradually next year, and investment is also expected to firm up, but to remain subdued. Global GDP for the year 2021 as a whole is forecast to just exceed its 2019 level. (Source: World Economic Outlook Update, June 2020)

INDIAN ECONOMIC OVERVIEW

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

Market size

India's nominal GDP growth rate is estimated at 12 per cent in 2019-20. The estimate for 2018-19 was 11.5 per cent. During Q1 of 2019-20, GDP (at constant 2011-12 prices) grew by 5 per cent. India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute. India's foreign exchange reserves were US\$ 393.29 billion in the week up to December 21, 2018, according to data from the RBI. Though, the Indian economy had been experiencing significant slowdown over the past few quarters, there was a strong hope of recovery in the last quarter of the current fiscal. However, the new coronavirus epidemic has made the recovery extremely difficult in the near to medium term. The outbreak has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to derail India's growth story. Consumption is getting impacted due to job losses and decline in income levels of people particularly the daily wage earners due to slowing activity in several sectors including retail, construction, entertainment, etc. With widespread fear and panic now increasing among people, overall confidence level of consumers has dropped significantly, leading to postponement of their purchasing decisions. Greater uncertainty about the future course and repercussion of Covid-19 has also made the financial market extremely volatile, leading to huge crashes and wealth erosion, which in turn is impacting consumption levels. On the supply side, shutdown of factories and the resulting delay in supply of goods from China has affected many Indian manufacturing sectors which source their intermediate and final product requirements from China. Some sectors like automobiles, pharmaceuticals, electronics, chemical products etc. are facing an imminent raw material and component shortage. This is hampering business sentiment and affecting investment and production schedules of companies. Besides having a negative impact on imports of important raw materials, the slowdown in manufacturing activity in China and other markets of Asia,

Europe and the US is impacting India's exports to these countries as well. Given the challenges that the businesses and people are facing currently, the Indian economy is most likely to experience a lower growth during the last quarter of the current fiscal. In case the spread of corona virus continues, growth may remain subdued in the first quarter of FY 20-21 as well. Most multilateral agencies and credit rating agencies have therefore revised their 2020 and 2021 growth projections for India keeping in view the negative impact of coronavirus induced travel restrictions, supply chain disruptions, subdued consumption and investment levels on the growth of both global and the Indian economy. (Sources: Impact of Covid-19 on Indian Economy, FICCI)

Road Ahead

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted efforts of scientists to get early-maturing varieties of pulses and the increase in minimum support price. The government of India targets to increase the average income of a farmer household at current prices to M 219,724 (US\$ 3,420.21) by 2022-23 from M 96,703 (US\$ 1,505.27) in 2015-16. Going forward, the adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP) by the food processing industry will offer several benefits. (Source: <https://www.ibef.org/economy/indian-economy-overview>).

Global Agro Trade

The global agriculture industry is one of the world's largest industries employing more than one billion people. Globally, one third of the economically active population works in the agriculture industry. The agriculture industry as a whole is very important to the world economic growth. In 2022, the agriculture market to account for 11.7% of the gross-world product (GWP), i.e. the agriculture market is expected to grow to \$12 trillion by 2022. Regarding the land occupancy by entities involved in the global agriculture industry, 72% of all agriculture farms occupy less than 1 hectare, 12% of farms range between one and two hectares and only 1% of all farms in the world are larger than 50 hectares. The agriculture market consists of sales of animal and crop produce and other support services by entities (organizations, sole traders and partnerships) that produce animal produce, and crops and are engaged in rural activities. Agriculture involves the cultivation of plants, and animal and bird rearing for food, fabrics, fibers, bio-fuel, medicinal and other products used to sustain and enhance human life. This market also includes horticulture and aquaculture. This market excludes proceeds from captive (internal) consumption of the agriculture and forest produce for further processing. (Source: <https://www.thebusinessresearchcompany.com/industry/agriculture-research>)

Indian Vegetable Market

India's diverse climate ensures availability of all varieties of vegetables. It ranks second in fruits and vegetables production in the world, after China. As per National Horticulture Database published by National Horticulture Board, during 2015-16, India produced 169.1 million metric tonnes of vegetables. The area under cultivation of vegetables was 10.1 million hectares. India

is the largest producer of ginger and okra amongst vegetables and ranks second in production of potatoes, onions, cauliflowers, brinjal, Cabbages, etc. Amongst fruits, the country ranks first in production of Bananas (25.7%), Papayas (43.6%) and Mangoes (including mangosteens and guavas) (40.4%). The vast production base offers India tremendous opportunities for export. During 2019-20, India exported fruits and vegetables worth Rs. 9,182.88 crores/ 1,277.38 USD Millions which comprised of fruits worth Rs. 4,832.81 crores/ 668.75 USD Millions and vegetables worth Rs. 4,350.13 crores/ 608.48 USD Millions. Grapes, Pomegranates, Mangoes, Bananas, Oranges account for larger portion of fruits exported from the country while Onions, Mixed Vegetables, Potatoes, Tomatoes, and Green Chilly contribute largely to the vegetable export basket. The major destinations for Indian fruits and vegetables are Bangladesh, UAE, Netherland, Nepal, Malaysia, UK, Sri Lanka, Oman and Qatar. Though India's share in the global market is still nearly 1% only, there is increasing acceptance of horticulture produce from the country. This has occurred due to concurrent developments in the areas of state-of-the-art cold chain infrastructure and quality assurance measures. Apart from large investment pumped in by the private sector, public sector has also taken initiatives and with APEDA's assistance several Centers for Perishable Cargoes and integrated post-harvest handling facilities have been set up in the country. Capacity building initiatives at the farmers, processors and exporters' levels has also contributed towards this effort. (Source: http://apeda.gov.in/apedawebsite/six_head_product/FFV.htm)

Textile and Clothing Division:

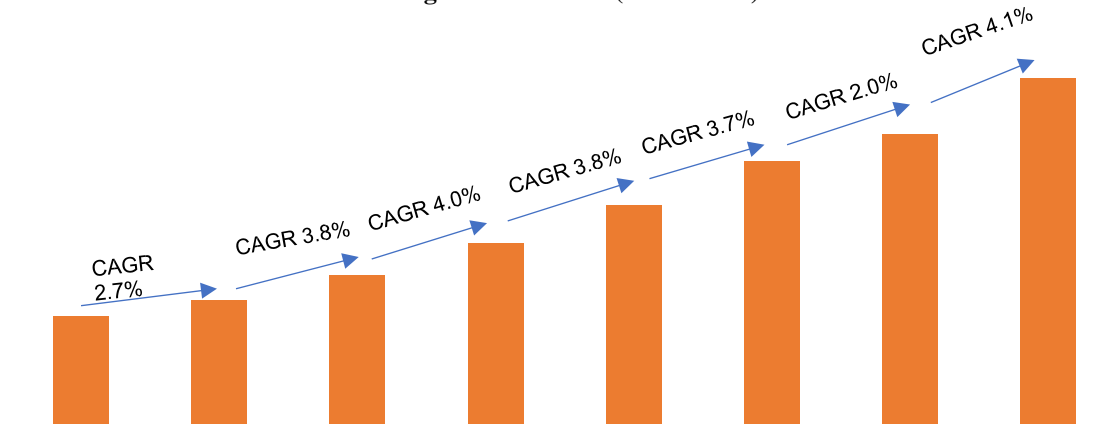
Global Macroeconomic scenario assessment

Global GDP review and outlook

While global gross domestic product (GDP) declined sharply in 2020 owing to the Covid-19 pandemic, it is expected to rebound strongly by the end of calendar year 2021 on account of policy support and the vaccination drive and grow at a CAGR of ~4-5% between CY20-25

According to the International Monetary Fund (IMF), global real GDP grew at 3-4% compound annual growth rate (CAGR) from calendar year 1990-2020. The IMF estimated global real GDP de-grew 3.2% in 2020 owing to the pandemic, which has disrupted businesses across the world. In response, almost all major countries had announced stimulus packages, which resulted in a recovery in the second half of 2020. The slowing down of the economy in 2020 resulted in a lower CAGR of just ~2% between 2015 and 2020.

Trend and outlook for global real GDP (CY1990-25)



P: Projection

Source: IMF economic database, World Bank national accounts data and OECD national accounts data, CRISIL Research

Macroeconomic overview of India

A review of India's GDP growth

GDP grew at 6.6% CAGR from fiscals 2012-20

In 2015, the Ministry of Statistics and Programme Implementation (MoSPI) changed the base year for calculating India's GDP between fiscals 2005 and 2012. Based on this, the country's GDP increased at an eight year CAGR of 6.6% to Rs 146 trillion in fiscal 2020 from Rs 87 trillion in fiscal 2012.

Fiscal 2021 has been a challenging year for the Indian economy, which was already experiencing a slowdown before the pandemic struck. GDP contracted 7.3% (in real terms) last fiscal, after growing 4.0% in fiscal 2020. At Rs 135.1 billion in fiscal 2021, India's GDP (in absolute terms) went even below the fiscal 2019 level of Rs 140.0 billion.

PFCE at current rates grew at a CAGR of ~12.2% over fiscal 2012 to fiscal 2020. Drilling down deeper, expenditure in clothing & footwear logged a CAGR of 10.8% during the period. An assessment of per capita spends on clothing and footwear indicates that Rs 5,241 was spent per capita in India in FY20. Clothing accounts for nearly 80% of the total spend on clothing and footwear at Rs 4,190 per capita in FY20. Further, the per capita spend on clothing has risen at a CAGR of ~9% over fiscals 2012 and 2020. As income levels improve and, consequently, discretionary spending increases, CRISIL Research expects spend on clothing to increase further in future.

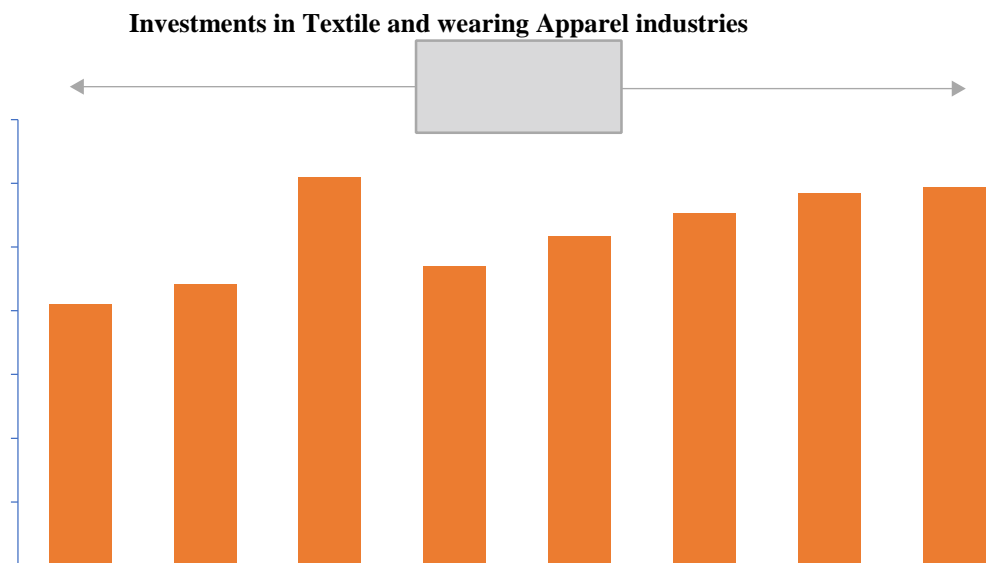
Item - Textile, apparel and leather industry contributed around 13% to total manufacturing GVA in India

The textile, apparel and leather industry in India contributed ~2 per cent in the overall GDP and 13 per cent of total manufacturing GVA at current prices in fiscal 2020. The sector is also the

second-largest employment generator in the country, next only to agriculture. It provided total direct and indirect employment to about 10.5 crore people in fiscal 2020.

The investments in the textile and wearing apparel segment has shown a growth of ~5.4% CAGR between fiscals 2012 and 2019

The government of India has also been actively investing in the Textile and apparel industries. The investments in the textile and wearing apparel segment in India increased from Rs. 2052 billion in fiscal 2012 to Rs. 2973 billion in fiscal 2019, growing at a CAGR of ~5.4%. The increase in investments has led to the total number of textile and apparel factories reaching the figure of 2.90 billion in fiscal 2019, increased from 2.80 billion in fiscal 2012. The Government of India has also been introducing several schemes for the textile and apparel sectors such as the Amended Technology Upgradation Fund Scheme (ATUFS), Scheme for Integrated textiles park (SITP), Samarth scheme, etc. ATUFS has the objective to modernize and upgrade the technology of the Indian textile industry. SITP is for providing world class infrastructure facilities. Of the 56 textile parks which were sanctioned under SITP, 23 have been completed so far. Similarly, Samarth focusses on capacity building in the textile sector. In addition to these, many other schemes specific to silk, jute, wool, handloom, and handicraft sectors are also being implemented.



Source: Ministry of Statistics and Programme implementation, CRISIL Research

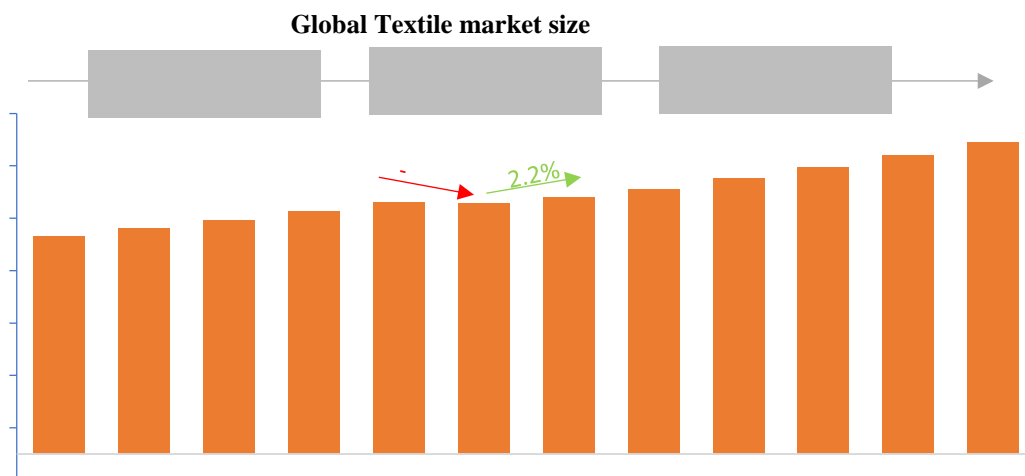
Assessment of global and Indian textiles industry

Textile is a term widely used for referring to woven fabrics, yarns and fibres made from jute, polyester, cotton, wool, etc. The textile market consists of sales of textiles by entities that create fibre, yarn, threads, carpets, rugs, linens, and other textile items. The textile industry is based on three main principles: developing, manufacturing, and distributing various flexible materials like yarn and clothes. Knitting, crocheting, weaving, and other methods are commonly employed to

produce many types of completed and semi-finished goods in the bedding, clothing, garment, medical, and other accessory industries.

An overview of global textile industry

The Global Textile market expected to grow at 4-5% CAGR between fiscals 2021-26

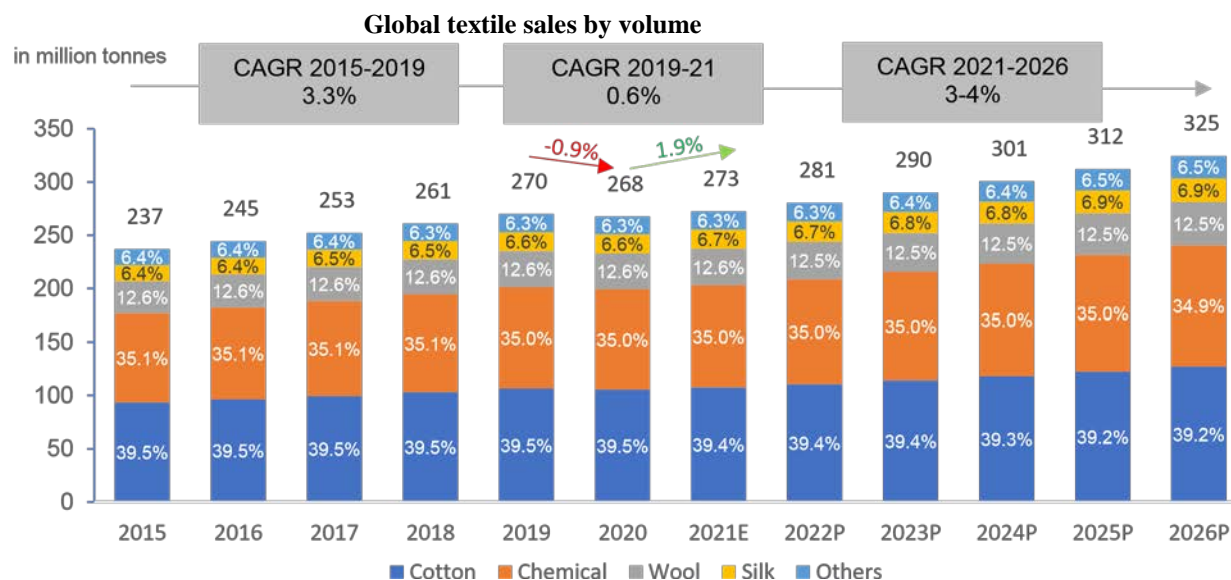


Source: Grandview Research, CRISIL Research

The global textile market size, which was estimated at USD 978 billion in 2021, is expected to expand at a compound annual growth rate (CAGR) of 4-5% from 2021 to 2026. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over the forecast period.

The current outbreak of coronavirus pandemic has slowed the market's growth. Global trade restrictions due to disrupted supply chain and decline in textile product consumption amid imposed lockdown have negatively impacted the market resulting in a slight decline of 0.5% in 2020 compared to 2019. However, the market is expected to recover strongly during the forecast period with government support and increasing public awareness in terms of effective precautionary measures.

Cotton led the market for textile and accounted for the largest volume share of more than 39.0% of the total textile market in 2020.



Source: Grandview Research, CRISIL Research

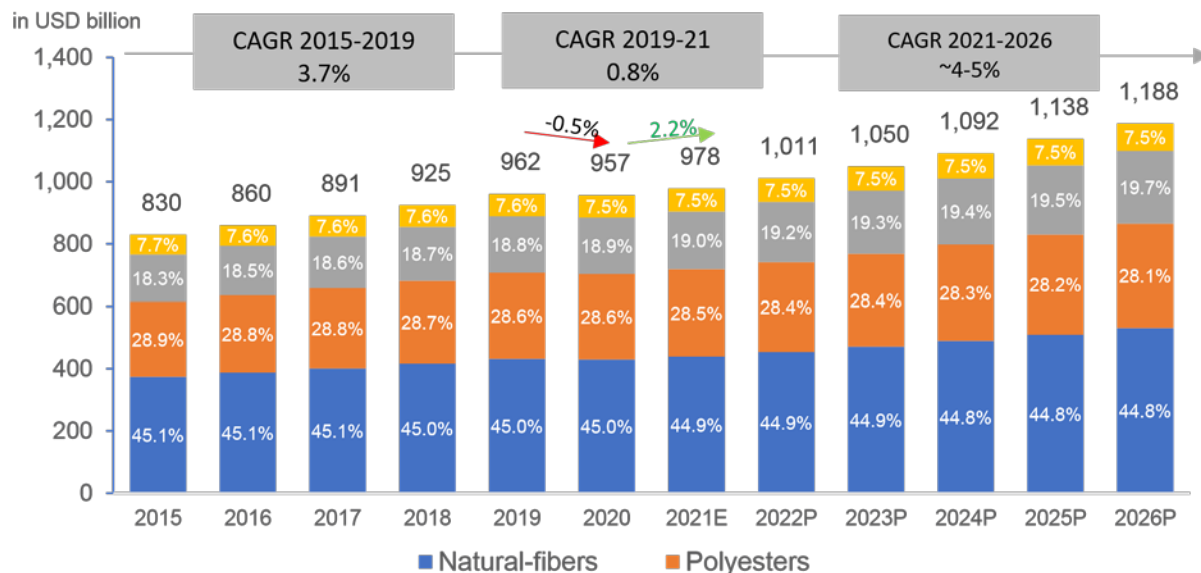
The total textile sales by volume grew at a CAGR of 3.3% between 2015 and 2019. On the other hand, the total sales by value grew at a slightly higher CAGR of 3.7% during the same period. This indicates that the average selling prices of textiles increased between 2015 and 2019.

Cotton dominated the textile market in 2020, accounting for around 39.5 percent of total textile sales by volume. The high demand for cotton can be attributed to its exceptional qualities like strength, absorbency, and colour retention. Cotton and cotton-based products are mostly produced in China, India, and the United States.

Chemical-based textiles accounted for a volume share of 93.8 million tonnes or 35% of the total textile sales by volume in 2020. In 2020, the wool segment, on the other hand, accounted for 13.3 percent of total sales. Wool, which is essentially made up of hydrogen, carbon, sulphur, and nitrogen, is widely utilised to make insulating products such as winter coats, blankets, carpeting, and upholstery.

Other raw materials used in the production of textiles are silk, minerals such as glass fibres and asbestos, and other synthetic material. Silk finds extensive use in the manufacturing of clothing, surgical suture, parachutes, silk comforter, and various others owing to high strength and elasticity, which is expected to drive the segment over the forecast period.

Fibre-wise segmentation of the Global textile market



Source: Grandview Research, CRISIL Research

Natural fibres dominated the textile market in 2020, accounting for roughly 45.0 percent of worldwide revenue due to their wide range of applications in the fashion and clothing industry. Increased environmental concerns, combined with a consumer trend toward sustainable products, are likely to boost demand for natural fibres, resulting in positive market growth.

Polyester is forecasted to grow at a 3-4 % CAGR between 2021 and 2026, owing to its various features such as high strength, chemical and wrinkle resistance, and quick drying. It is utilised in both households and industries as a cushioning and insulating material in pillows, as well as in the manufacturing of carpets, air filters, coated fabrics, and other products.

In the textiles sector, nylon is the third most common material. Because of its great durability, elasticity, and moisture-absorbing characteristics, it is frequently used in clothes and home furnishings. It can also be used to make silk-based products like women's stockings, parachutes, flak vests, and other items.

Polyethylene (PE), Polypropylene (PP), aramid, and polyamide are among the other product segments. Polyethylene's excellent resilience to acids and alkalis at high temperatures, as well as its low moisture retention, have raised its market demand. Furthermore, the use of polypropylene in the textile industry is boosting market growth.

Overview of Indian textile industry

Indian textile and apparel industry plays a important role in development of economic activity in India. As of fiscal 2020, in terms of Gross Value Added (GVA), Indian textile, apparel and leather products occupy a share of 13% which has seen an increase from ~11% in fiscal 2012. As per Ministry of Textile annual report 2020-21, Indian textile and apparel has contributed to 11.8% of overall exports during fiscal 2020. It also states that Indian textile and apparel segments occupies a share of 5% in global textile and apparel segment.

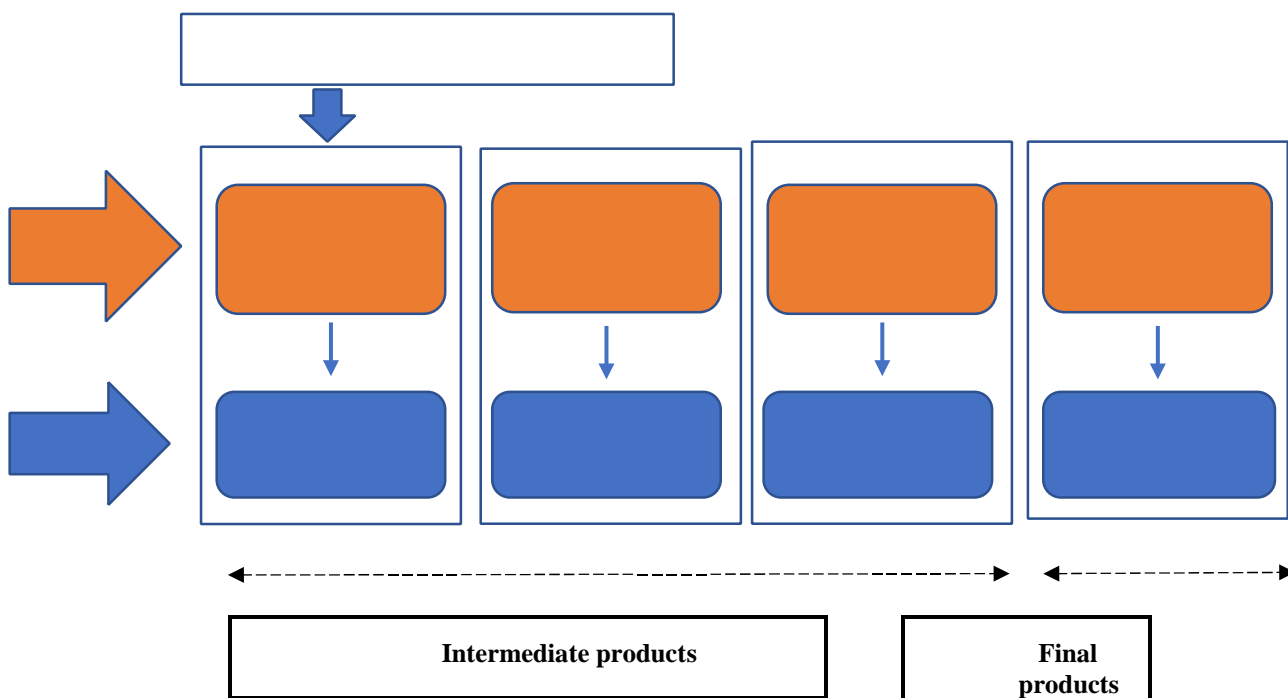
The key strength in Indian textile and apparel segment lies in large raw material base and manufacturing units present across the value chain. The industry caters to an employment of over 45 million individuals and 100 million individuals indirectly which includes employment for women and rural population. The textile and apparel segment finds alignment with the India's vision programs such as Make in India and Skill India

India has a strong textile value chain

The textile industry in India is diversified with handwoven and handspun textile at one end and sophisticated textile mills which are capital intensive on the other end of the spectrum. The spinning industry is organized when compared to weaving segment of the industry which is majorly dominated by the decentralized power looms, handlooms, and hosiery production units.

Presence of players across the value chain starting from production of raw material to production of yarn, fabric and garments in the country makes the Indian textile industry well placed at a global level in comparison to countries such as Vietnam and Bangladesh.

Indian textile value chain



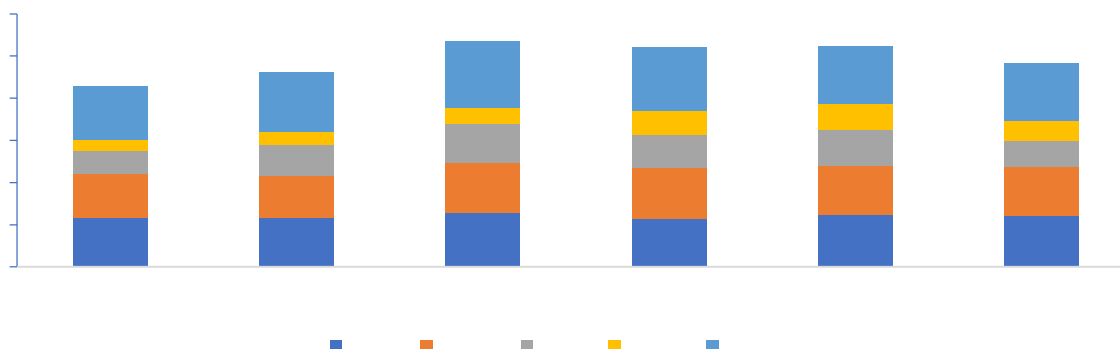
Note: In the below sections CRISIL Research has analysed the textile end use industry covering RMG, Technical textiles and home-made textiles. It has also analysed spinning industry for MMF yarn and cotton yarn, also accessed the cotton fabric industry Source: CRISIL Research

India is largest producer of cotton with a share of ~25% among the global nations in CS21

India has the highest acreage for cotton compared with the other major cotton-producing nations with 13.4 million hectares in cotton season (CS; international cotton season August-July) 2020-

21. In CS 2015-16, India significantly surpassed China to become the largest producer of cotton and remained the largest producer for CS 2020-21 as well. India's cotton production is lower than China in CS 2018-19 due to severe crop losses.

Cotton production across the globe



Note: Years refer to Cotton Season (August-July)

Source: International Cotton Advisory Committee (ICAC), CRISIL Research

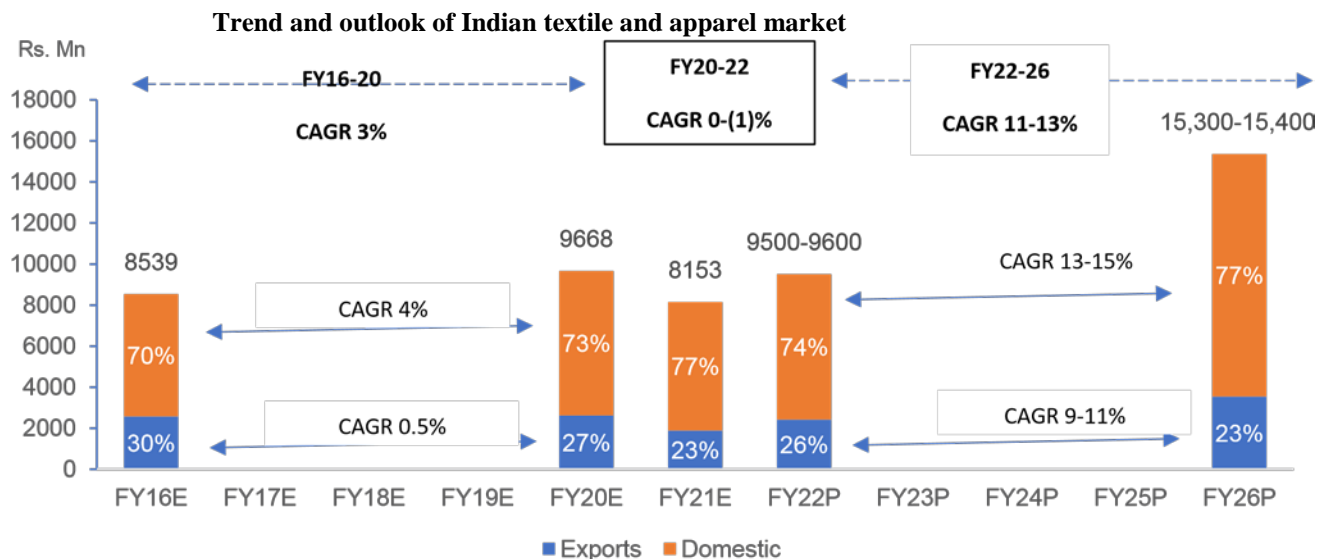
In addition to this, as per Ministry of textile annual report, India is second largest producer of Man-Made Fiber (MMF) only next to China.

Indian textile market projected to grow at 7-9% CAGR between fiscal 2020 and 2026

Indian textile and apparel market which is estimated to Rs. 8,153 billion during fiscal 2021 and is projected to grow at a CAGR of 11-13% from fiscal 2022 till fiscal 2026 and reach a value of Rs. 15,300 – 15,400 billion. During this period, the exports are expected to grow at a CAGR of 9-11% and domestic industry to grow at slightly higher pace of 13-15%.

Over the past five years the Indian textile and apparel industry is estimated to have grown at a CAGR of 3% from fiscal 2016 to fiscal 2020. The domestic market has grown at a higher pace of 4% while the exports had grown sluggishly at a CAGR of 0.5%. The slower growth in exports is majorly due to decline in fiscal 2020. During this period the exports saw a decline majorly due global slowdown which has further compounded by the covid-19 pandemic leading the disruptions in supply chain and demand causing order cancellations. In addition to this, high export tariffs levied on Indian exporters in countries like European Union (EU) when compared to zero import for countries such as Bangladesh and Vietnam has further dampened the export performance.

The further growth in Indian textile and apparel market will be led various economic factor such as increase in discretionary income, rising urban population. Furthermore, the demand is poised by increase in online retailing, shift from cotton to man-made fiber and global industry expanding outside of China would aid the Indian markets in the growth trajectory.



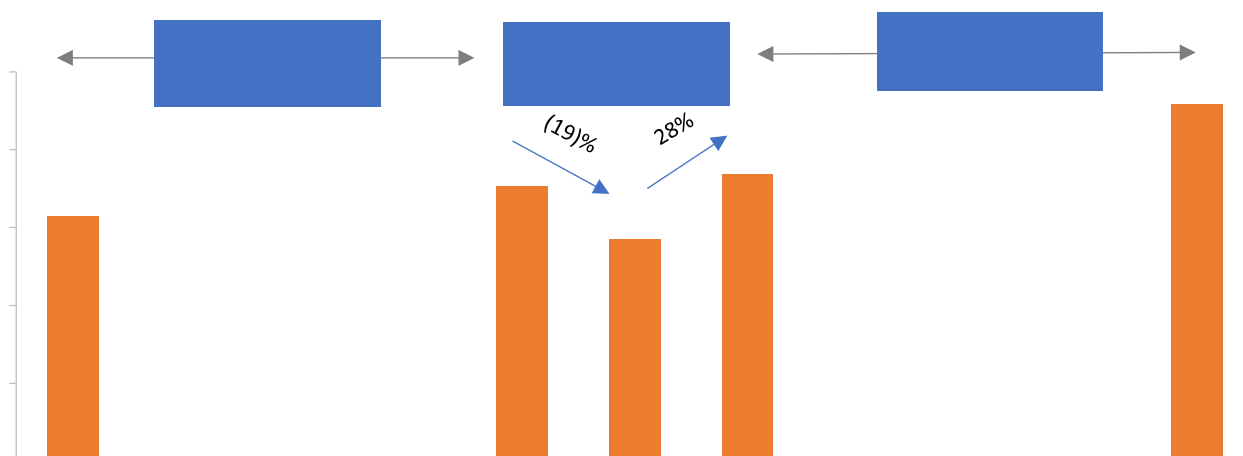
Note: Domestic Indian textile consists of Ready-Made garments, Technical textiles, and Home-made textiles Source: Ministry of textiles, DGCI&S, CRISIL Research

Overview of Indian textile yarn industry

Indian textile yarn market to clock 5-6% CAGR between fiscals 2022 and 2026

The textile yarn market in India, which accounted for around Rs 1.4 trillion in fiscal 2020, decreased by ~19% and reached Rs 1.1 trillion in fiscal 2021 on account of reduced consumption due to the pandemic. The textile yarn market is expected to increase 28-32% in fiscal 2022 led by pent-up demand as stores reopen and economic activity increases with the lifting of lockdowns across the country.

Overall Indian textile yarn market



Source: Ministry of Textiles, CRISIL Research

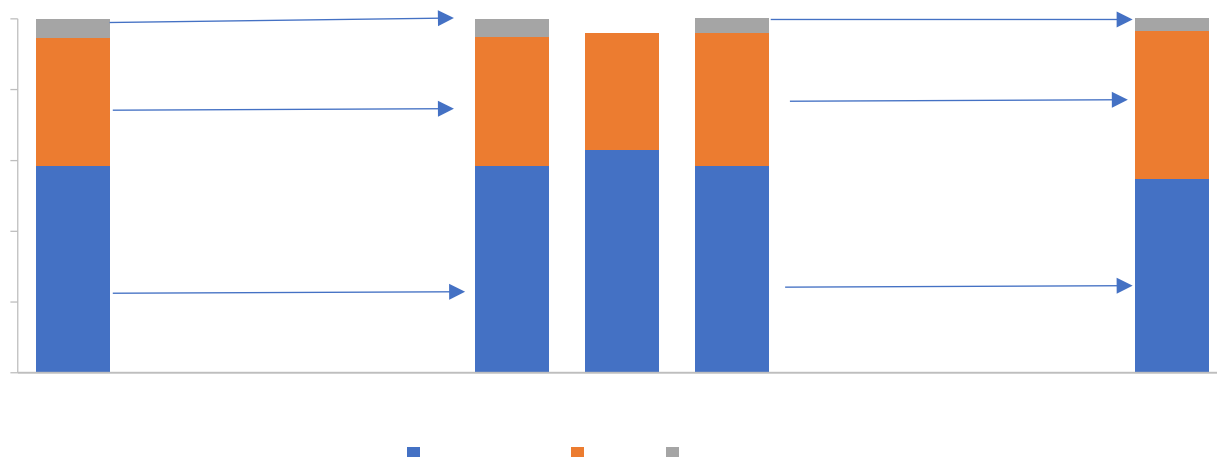
Growth to be driven by increase in demand for man-made fibres (MMF)

Cotton forms the major share of the fabrics market, accounting for 63% share of the total textiles market in fiscal 2021. The size of cotton market, which decreased by 12% fiscal 2020, is expected to increase 20-23% in fiscal 2022. Growth will be driven by both domestic and export demand components, with improvement in both domestic and global economic scenario. Domestic industry growth though will be hit due to the second wave of Covid-19 in the first quarter of fiscal 2022; however, export demand is expected to remain buoyant. We expect recovery in domestic demand from the second quarter of fiscal 2022, driven by pick-up in downstream apparel and home textiles demand. Overall, the industry is estimated to have grown on a low base in the first half of fiscal 2022; however, growth in the second half will be sharper. Impact of any new Covid-19 wave will remain a key monitorable. Going ahead, CRISIL Research expects the cotton market to clock 3-4% CAGR between fiscals 2022 and 2026.

Cotton yarn prices are estimated to remain high in fiscal 2022 in line with cotton prices in domestic and international markets. Prices will be driven by increased demand amid constrained supply. Relatively higher increase in yarn prices than cotton will lead to improvement in spreads. Better spreads coupled with high revenue growth will lead to slightly higher margins in fiscal 2022.

Fibre-wise breakup of Indian textile yarn market

Rs billion



Source: Ministry of Textiles, CRISIL Research

The market for MMF, which accounted for ~36% of the total yarn market in fiscal 2020, decreased sharply ~27% in fiscal 2021 due to decreased demand on account of the pandemic.

Overall demand for MMF and yarn (polyester and viscose) was estimated at ~6,066 ktpa in fiscal 2020. It declined sharply by ~20% to ~4,850 ktpa in fiscal 2021 due to fall in buying activity amid the pandemic. In fiscal 2022, overall demand is expected to reach ~6,030 ktpa with ~82% of domestic demand and ~17% of export demand – indicating a healthy recovery of 20-22%. With this, overall demand would reach the pre-Covid levels of fiscal 2020. During the year, polyester and viscose are expected to account for ~87% and 13%, respectively, of the total MMF demand.

- Overall PFY demand is projected to witness 15-20% growth in fiscal 2022
- Overall PSF demand is projected to witness a growth of 14-19%
- Overall VFY demand is projected to witness 25-30% growth
- Overall VSF demand is projected to witness a growth of 35-40%

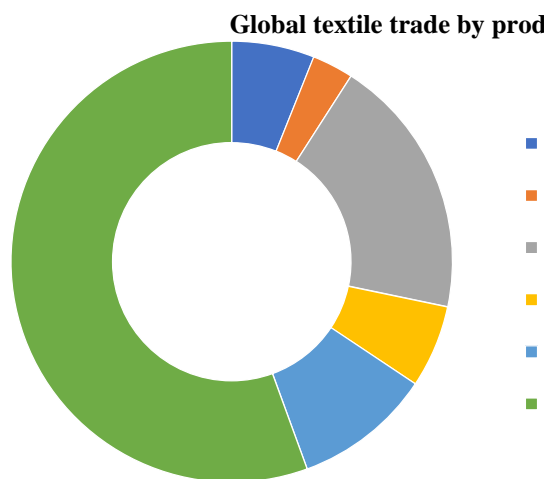
In fiscal 2022, domestic demand is expected to grow 23-26% on-year because of increased economic activity and vaccination rate across the country, leading to rise in demand for yarn and home textiles. However, the impact of the second wave on demand in the first quarter of fiscal 2022 will affect the entire year growth – thus arresting further rise in demand. Ready-made garment (RMG) demand is projected to improve 15-20% on-year with increase in input cost and income levels. Higher prices of cotton yarn will also support the demand for polyester and viscose yarn. With improvement in global economic conditions, demand from key export destinations such as Brazil, Turkey, United States (US) and Bangladesh is expected to improve further on the low base of fiscal 2021. Competition from China will remain one of the key factors affecting India's export growth. The Government of India recently announced schemes to increase the economies of scale along with export potential and competitiveness in the textiles sector, namely performance linked incentive (PLI) schemes and mega investment textile parks (MITRA). Both these schemes, if implemented in a timely manner, will boost MMF-based RMG exports, and thus, drive the demand for MMF and yarn. Going ahead, CRISIL Research expects the MMF market to clock a CAGR of 7-10% between fiscals 2022 and 2026.

Overview of global and Indian textile trade

Apparels accounted for 55% of global textile trade in 2020

Fibres are single threaded structures of natural or synthetic origin. Fibres can be spun together to form yarns, which, in turn, are combined to make fabrics. Apparels consist of many different types of fabrics spun together to form end-products for consumer use.

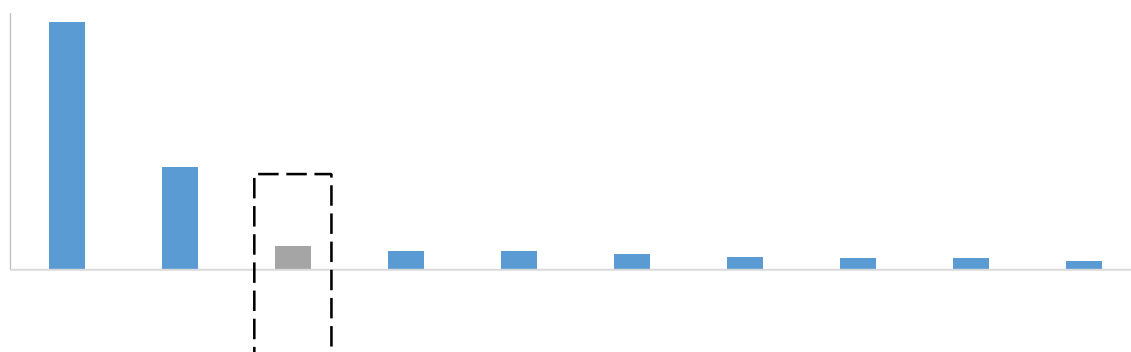
Sales of apparels contribute the major portion of the total textile trade in 2020. Apparel sales accounted for 55% of the total global textile trade in 2020. Fabrics, accounting for 19% of the global textile trade, are the second most traded product in the global textile market



Source: Company documents, CRISIL Research

With an unrivalled raw material base and manufacturing capabilities across the value chain, India's textile industry is one of the world's largest. After China and the EU, it was the world's third-largest exporter of textiles in the world in 2020. The textile and garment industry in India is one of the country's most important industries. Textile and apparel, along with handicrafts, accounted for a significant 11.8% of India's overall exports in 2019-20. India's textile sector accounts for 3-5% of global trade. India's mill sector is the second largest in the world. Traditional sectors such as handloom, handicrafts, and small-scale powerloom units provide the majority of employment in rural and semi-urban areas. It employs about 45 million people directly and offers a source of income for over 100 million people indirectly, including a substantial number of women and rural residents.

Indian is the third-largest exporter of textiles in the world, while China is the largest

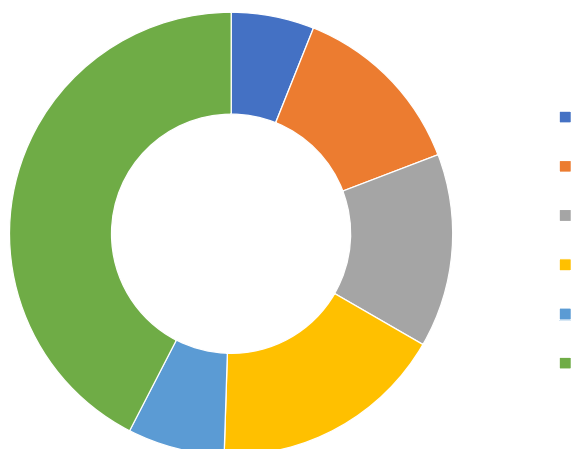


Source: WTO, CRISIL Research

Apparel had the highest share in Indian textile exports in 2020

Similar to the global trend, apparel sales contributed the major portion of the Indian textile trade in 2020. Apparel sales accounted for 42% of the total Indian textile trade in 2020. Fabrics, accounting for 14% of the Indian textile trade, are the second most traded product in the Indian textile market.

Indian textile exports' share in 2020



EU and US are major export destinations for Indian apparel exports

Major textile and apparel export destinations for India are European Union-28 and the US. Both these regions have a ~50% share in total apparel exports from India. Exports to the US have increased significantly over the past five years, accounting for ~28% of the total apparel exports from India in fiscal 2021. Lack of a free-trade agreement with the EU has led to a decline in the EU's share in total apparel exports from India, from 39% in fiscal 2019 to 36% in fiscal 2021.

Growth drivers for Indian textiles industry

India's per-capita consumption of fibre lower than the world average, indicating growth potential





India's per-capita consumption of fibre is 5.5 kg, which is half of the world average of 11 kg. Developed regions such as North America, Australia and Japan consume fibre upwards of 20 kg per capita, whereas nations like China and Turkey consume 14-15 kg fibre per capita. Similarly, India consumes only 3.1 kg MMF per capita as against the world average of 7.7 kg per capita. Polyester accounts for ~83% of the total MMF consumed globally, making it the largest component of global MMF consumption. Remaining 17% of the global MMF consumption is contributed by fibres such as polyamide, manmade cellulose fibre and other synthetics such as recycled or bio-based synthetics. The consumption of MMF below the world average and that of developed nations depicts a huge potential for MMF in the country.

Indian textiles industry has competitive advantage compared with other nations

India has a competitive advantage over major countries like China in terms of labour, power and water costs. However, lending rates in China are quite competitive when compared to India as well as other nations. Being a developing member in WTO, Vietnam cannot offer incentives directly to industries, where India fares better. With respect to Bangladesh, India fares better in terms of water and lending costs. However, Bangladesh offers better labour and power costs than India, which account for a larger portion of the manufacturing cost.

Overall, India leads in terms of water cost, which is used in every stage of textile production starting from cotton cultivation in case of cotton textiles, to major manufacturing processes.

Cross-country analysis of various costs involved in textiles manufacturing

Country	Labour cost	Power cost	Water cost	Lending rate
	338	141	319	57
	115	82	361	65
	68	95	117	113
	100	100	100	100
		India advantage		India disadvantage

Note: The above-mentioned values are in proportionate scale with India=100 Source: Data as of 2020, Invest India, CRISIL Research

Increase in urban population in Indian sub-continent by 2030

Indian population is migrating from rural parts to urban cities. Share of urban population in India's total population increased from 18% in the 1960s to 31% in 2010. People from rural areas move to cities for better job opportunities, education and quality of life. Going forward, as per a United Nations report, this trend is expected to continue, with urban population occupying a share of 40% by 2030. This growth in urban population would aid growth of the textiles industry due to change in consumer behaviour to look better as a result of higher income.

Shift in demand towards MMF and technical textiles to drive demand

Global textiles industry is experiencing a shift from cotton to MMF and technical textiles. This can be reflected in MMF, occupying a share of 70% in global RMG trade in 2019. Indian textiles industry has started adopting this tactical shift in the industry. In order to support the change, the Government of India has introduced various schemes and policies for these segments such as the PLI scheme, National Technical Textiles Mission (NTTM) and MITRA. These initiatives

would help bring in investments into the segments, in turn boosting the domestic and export scenario of India as well as enhancing employment opportunities.

Rise in discretionary spending in fiscals 2012-2020

According to CRISIL Research, during fiscal 2020, the share of discretionary spending was 59.6%, whereas the spending on basic items was ~40.4%. Over the years, the discretionary spending share has seen an increase from 53.4% in fiscal 2012 to 59.6% in fiscal 2020. This increased spending on discretionary items is a reflection of rising disposable income of households. This combined with increasing young population, would boost the growth of textiles demand in India.

Note: Basic items include food, clothing and housing. Discretionary items include education, healthcare, electricity, water supply, footwear, personal care products, processed foods, alcoholic and non-alcoholic beverages, tobacco, narcotics, fuel & gas, furnishing and household equipment, vehicle and personal transportation, spending on recreation and culture, communication, restaurants and hotels, financial insurance and other financial services, and other items not elsewhere classified Source: MoSPI, CRISIL Research

Increasing trend in online retail

Online retail segment comprises portals selling retail products, wherein the company (either a traditional retailer or an online re-seller) both offers as well as undertakes to deliver those products, through its own network or a third party. In recent times, low ticket size, deep discounts, availability of a wider product range, and shopping festivals have led to significant online sales. The online apparel market gained acceptance despite the widespread apprehension about Indian shoppers' preference to touch, feel and check fitting of their clothing before purchase.

This in conjunction with increase in internet penetration in India from 29% in fiscal 2015 to an estimated 66% in fiscal 2021, has aided growth in the online retail segment. Going forward, with changing lifestyles coupled with increased access to the internet among the general population, would pave the way for convenient and hasslefree online shopping experience.

China + 1 strategy to aid India in long term

During the pandemic, many countries across the globe realized the consequences of over-reliance on a single source in the manufacturing sector. In the textiles segment, global brands and retailers have started expanding their manufacturing horizon outside of China. Though the complete decoupling of China's manufacturing value chain may be a distant reality, this would act as an opportunity for India. India stands out to be attractive option in terms of labour costs, ease of doing business and skilled workforce. This in conjunction with incentives provided by the Government of India, such as the PLI scheme where in Government of India is providing incentives for greenfield and brownfield capacity expansion for both MMF and technical textile segments to propel exports, would prove attractive for foreign players in their path for diversification.

An overview of government policies and regulatory framework in the industry

Foreign Trade Policy for 2015-20

On April 1, 2015, the government announced the new Foreign Trade Policy (FTP) for 2015-2020. This policy provides a framework for increasing exports of goods and services with a target of \$900 million by 2020. The policy introduced two new schemes:

- **Services Exports from India Scheme (SEIS)** to boost exports of notified services. The rates of rewards under SEIS will range from 3% to 5%, compared with 5% to 10% earlier
- **Merchandise Exports from India Scheme (MEIS)**, targeting the export of specified goods to specified markets. The rates of rewards under MEIS will range in 2-5%, compared with 2-7% earlier

Some of the policy highlights are as follows:

- MEIS is the merger of five schemes – Focus Product Scheme, Market-Linked Focus Product Scheme, Focus Market Scheme, Agricultural Infrastructure Incentive Scrip, and VKGUY for rewarding merchandise exports.
 - The main objective of MEIS is to offset infrastructural inefficiencies and associated costs involved in the export of India-manufactured goods/products, especially those having high export intensity and employment potential, thereby enhancing India's export competitiveness
- The textile sector has been granted duty scrips of 2% for mainstream cotton textile products and 5% for handloom, carpet, and coir products. However, cotton yarn does not get any benefit
- Further, a 2% incentive for man-made fibre yarn as well as woven and knitted fabric is applicable only for exports to the EU, the US, Canada, and Japan.

Remission of Duties or Taxes on Export Product (RoDTEP)

The government of India introduced a new scheme, named RoDTEP, in September 2019 and released a budget allocation of Rs 500 billion by March 13, 2020, in a move to replace MEIS (which ends in December 2019) and RoSL (only refunds state taxes). The new scheme is in terms with the conditions of the WTO, where incentives cannot be provided, but the taxes incurred during the process can be refunded. Hence, the government plans to refund all state (RoSL) and Central government taxes incurred by the export players during the manufacturing process of RMG. According to the government, this new scheme would "adequately compensate" for the current 6% (4% MEIS and 2% RMG) benefits being availed of by the RMG exporters and help them stay competitive enough in the international trade market.

The refunds under the RoDTEP scheme would be a step towards "zero-rating" of exports, along with refunds such as Drawback and IGST. Currently, GST and import/customs duties for inputs required to manufacture exported products are either exempted or refunded. However, certain taxes/duties/levies are outside GST, and are not refunded for exports, such as, VAT on fuel used in transportation, Mandi tax, and duty on electricity used during manufacturing. These would be covered for reimbursement under the RoDTEP scheme. As and when the rates under the RoDTEP scheme are announced for a tariff line / item, the MEIS benefits from such tariff line/item will be discontinued.

	FY2019	FY2020	FY2021	FY2022
Duty drawback	~2%	~2%	~2%	~2%
MEIS	4%	4%	4%	4% till Sep 2021 only
RoSL	2%	--	--	--

RoSCTL / RoDTEP	-- /--	4%/--	4%/4%	4%/4%
Total	~8%	~10%	~10%	~6-10%

Source: CRISIL
Research

The National Textile Policy

Government policies have largely been favorable for the textile industry. The National Textile Policy (NTP) aims to ensure the industry is globally competitive in terms of manufacturing practices and exports. The last NTP announced in 2000 had the following objectives:

- Facilitate the textile industry's efforts to attain and sustain a pre-eminent standing globally in manufacturing and exporting garments
- Equip the industry to withstand import penetration pressures and maintain a dominant presence in the domestic market
- Liberalise controls and regulations to ensure different industry segments perform better in a competitive environment
- Enable the industry to build state-of-the-art manufacturing capabilities in conformity with environmental standards, and encourage foreign direct investment (FDI) for this purpose as well as research and development
- Develop a strong multi-fibre base with a thrust on product upgradation and diversification
- Sustain and strengthen traditional knowledge, skills, and capabilities of our weavers and craftsmen

To achieve these objectives, changes were made to fiscal and non-fiscal policies that affect the textile industry, and new incentives and initiatives were rolled out for the sector.

Earlier, the garment industry was reserved under the small-scale industrial sector, restricting its growth. Units could not bring in modern machinery due to a ceiling of Rs 30 million imposed on plant and machinery, resulting in poor economies of scale. However, the industry was de-reserved a few years ago with the woven sector liberalised in Union Budget 2003-04 and the knitwear sector in Union Budget 2004-05. This was an important step towards achieving the objectives of NTP 2000.

Technology Upgradation Fund Scheme

The textile industry is capital-intensive and high interest rates in India hindered investments in the 1990s. Hence, the Ministry of Textiles launched the Technology Upgradation Fund Scheme (TUFS) in 1999 to upgrade technology at textile units. The government set aside Rs 250 billion under TUFS to support textile projects. Commencing on April 1, 1999, the scheme initially provided a 5% interest subsidy on loans taken from specified institutions for all segments within the textiles value chain. However, spinning benefited the most through TUFS. As of June 2012, spinning mills received 29% of the total funds disbursed under the scheme. The government decreased the interest rate subsidy on spinning machinery from 5% to 4% in 2011 to channelise higher investments into weaving and processing, which are important for the garment sector's growth. The interest benefit to standalone spinning units was further reduced to 2% in October 2013 under the updated scheme. Later, R-TUFS was updated and named the Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) with effect from April 1, 2012.

The government approved the 'Amended Technology Upgradation Fund Scheme (ATUFS),' a new scheme on January 13, 2016. The scheme provides a one-time capital subsidy for investments in the employment- and technology-intensive segments of the textile value chain. Every individual entity will be eligible for a one-time capital subsidy as per the rates and the overall subsidy cap is indicated below.

Sl no	Segment	Rate of capital investment subsidy	CIS per individual entity
1	Garmenting technical textiles	15% of eligible machines	Rs 0.3 billion*
2	Weaving for brand new shuttle less looms (including weaving preparatory and knitting), processing, jute, silk and handloom	10% of eligible machines	Rs 0.2 billion*
3 (a)	Composite unit/multiple segments -if the eligible capital investment with respect to garmenting and technical textiles category is more than 50% of eligible project cost	15% of eligible machines	Rs 0.3 billion*
3 (b)	Composite unit/multiple segments -if the eligible capital investment with respect to garmenting and technical textiles category is less than 50% of eligible project cost	10% of eligible machines	Rs 0.2 billion*

Note: In case the applicant had availed a subsidy earlier under RR-TUFS, he will be eligible for only the balance amount within the overall ceiling fixed for an individual entity*

Source: CRISIL Research

An allocation of Rs 178.2 billion has been approved for seven years to meet the committed liabilities of Rs 126.7 billion and Rs 51.5 billion for new cases under ATUFS. The scheme removed the interest subsidy for capital investments and placed a cap on capital subsidy. For apparel, garment, and technical textiles, a 15% subsidy is to be provided on a capital investment up to a cap of Rs 0.3 billion. The remaining sub-sectors would be eligible for a 10% subsidy, subject to a ceiling of Rs 0.2 billion on similar lines.

The ministry notified the Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU) under ATUFS to incentivise production and employment generation in the garment sector vide resolution dated July 25, 2016. The additional incentive of 10% will be provided to garment units that avail the 15% Capital Investment Subsidy (CIS) under ATUFS for the installation of eligible benchmarked machinery after a period of three years. The cap on CIS for eligible machinery in garment units has therefore been enhanced from Rs 0.3 billion, which was the cap under ATUFS, to Rs 0.5 billion. This additional subsidy of 10% will be provided when the projected production and employment generation targets are achieved.

Scheme for Integrated Textile Parks

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide state-of-the-art infrastructure facilities for setting up textile units. This scheme provides textile units infrastructure, including power, water, roads, and drainage system, and assistance to meet environmental norms. It is expected to attract considerable investments to set up huge integrated

textile facilities. This is a positive step towards making India a hub for textile products. As per union budget 2021-22, the government has allocated Rs 800 million (budgeted estimate) under SITP.

Customs duty

The customs duty on readymade garments, home textiles, fabrics, and cotton yarn is high at 10% to protect the indigenous industry from imports. Consequently, there are hardly any imports of readymade garments in India.

Duty	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Natural fibres								
Cotton	0	0	0	0	0	0	0	0
Fibre intermediates								
PTA, MEG	5	5	5	5	5	5	5	5
Para xylene	0	0	0	0	0	0	0	0
Fibre/Filament								
Polyester staple fibre	10	10	10	10	10	10	10	10
Viscose staple fibre	10	10	10	10	10	10	10	10
Yarn								
Cotton yarn	10	10	10	10	10	10	10	10
Partially oriented yarn	10	10	10	10	10	10	10	10
Viscose filament yarn	10	10	10	10	10	10	10	10
Fabrics	*1 0	*1 0	*1 0	*1 0	*1 0	*1 0	*1 0	*1 0
Garments and home textiles	*1 0	*1 0	*1 0	*1 0	*1 0	*1 0	*1 0	*1 0

Note: *: Attracts ad valorem rate or specific rate whichever is higher

Source: Industry, CRISIL Research

Key government measures in the textile sector

Performance-linked incentive (PLI) scheme

The Government of India launched the PLI scheme across key sectors to improve manufacturing scale and increase export competitiveness in these sectors. The PLI scheme for textiles focuses on improving India's export competitiveness in MMF and technical textile segments. In both these segments, India's share of global trade is insignificant at present.

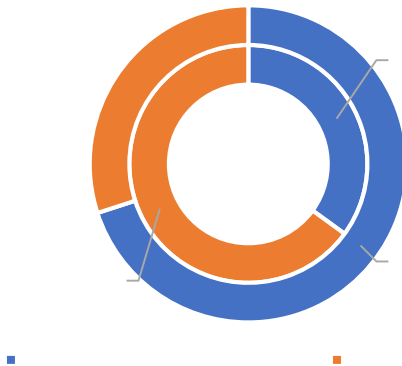
This scheme covers both brownfield and Greenfield capacity expansion. In brownfield projects, the incentive is fixed at 9% for players with a turnover of Rs 1,000-4,000 million and at 7% for the first year for players with a turnover of more than Rs 4,000 million. While players need to commit a minimum investment of Rs 5,000 million in Greenfield projects, they will be offered an incentive of 11% in the first year and the incentive will continue to decline by 1% over the next 5 years. The textile sector will receive Rs ~106.83 billion under the scheme which translates into a revenue potential of Rs 1.5 lakh crore at an average incentive of 9%. A 100 ktpa capacity MMF plant will attract an investment of Rs ~5.3 billion. It leads to a capex to sales ratio of 12% and a total capex requirement of Rs 250-300 billion over the next five years, translating into capacity addition of 2.5-3 million tonne in the MMF segment with an estimated IRR of 17-19% at an incentive of 9%. This will increase existing MMF capacity by 10% over the period of the scheme from the existing installed base of 7.8 mt. Considering domestic demand growth at 5%, exports, which account for ~18% of production in fiscal 2021, will increase to ~30% by fiscal 2025.

PLI scheme - an opportunity for revenue generation of Rs 1,500 billion in MMF-based textiles







MMF-based RMG exports account for 35-40% of Indian RMG exports; however, the share is higher at 65-70% globally. The share of China, Vietnam and Bangladesh in MMF-based RMG exports was ~38%, ~9% and ~6%, respectively, in fiscal 2019, while the share of India was a mere 2%.

Share of MMF-based RMG exports in Indian trade (in %)



Source: Data as of 2020, ITC Trade Map, CRISIL Research

Share of MMF based RMG trade (%)

Exporter	2015	2019	Import duty in EU
Exporter	2015	2019	Import duty in EU
	3	2	10%
	2	6	0%
	7	9	0%
	47	38	12%

Source: ITC Trade Map, CRISIL Research

So considering an increase of ~30% in export potential in MMF will boost Indian export potential for MMF based RMG. Now to increase the export share, India needs to be competitive vis-à-vis rivals. In our analysis, we looked at stable ROCEs generated by some players in the range of 12-14%. Also, the import duty applicable to India and China is higher at 10-12% against 0% duty for Vietnam and Bangladesh as they are part of FTAs. Hence, if players pass on 4-5% of the incentive benefit, it will bring down their IRRs to 13-15% levels. Even then they will be able to bridge the gap substantially compared with China with respect to price competitiveness, thereby providing them an opportunity to compete better in export markets. Hence, the PLI scheme can boost India's competitiveness as well as export potential going forward.

Mega investment textile parks scheme (MITRA)

The Government of India announced the establishment of 7 mega textile parks in the next 3 years over 1,000 acre land to boost production and support export competitiveness. The government earlier launched SITP in 2005 and announced that 40 integrated textile parks will be set up across the country. While India gained share in cotton yarn exports in the interim till fiscal 2015, the share dropped in the subsequent 5 years as countries such as Vietnam and China gained due to better incentives and facilities provided by their governments under textile park schemes. The key challenge was relatively the small size of Indian textile parks compared with those set up in rival exporting nations. Except for one park of 1,000 acres, the remaining parks under the SITP scheme were smaller with ~27 parks being under 50 acres and 20-25 parks being between 50-70 acres. In comparison, parks of global competitors such as China, Bangladesh or Vietnam average 100 acres or more. Also, incentives offered in Bangladesh are far better than those offered in India.

To attract investments, the government needs to provide better incentives and facilities in the newly planned parks like those provided by the global competitors. Also, along with the PLI scheme, these parks should be executed in a timely manner as international rivals will also continue to build scale through such schemes.

If implemented well, the scheme has the potential to drive both MMF and technical textile players to invest in increasing capacities, thereby increasing India's export share of MMF-based RMG.

Liberalisation of FDI in textile sector

To enable investors to set up manufacturing plants in India, the government has allowed 100% FDI in the textile sector under the automatic route. FDI in textile sector has grown over the years led by the collaboration between foreign players and Indian manufacturers. In recent times, policies introduced by the government such mega textile parks have also supported FDI inflows into the country.

Over the past few years, foreign players such as Hugo Boss, Liz Claiborne, Diesel and Kanz have started operations in India, boosting FDI **investments** in the sector. The industry attracted FDI of Rs 225.54 billion (\$3,746.20 billion) between April 2000 and March 2021, accounting for ~0.7% of the overall FDI flow into the country during the period.

National technical textiles mission

Technical textiles are a niche segment with applications across agriculture, roads, railway tracks, sportswear, health on one hand and bullet proof jackets, fire proof jackets, high altitude combat gear and space applications on the other.

In fiscal 2020, the Government of India approved a proposal for creation of the National Technical Textiles Mission (NTTM) for a period of 4 years starting from fiscal 2021 to fiscal 2024 with an outlay of Rs 14,800 million. The outlay has been set aside for the following four components.

Research, innovation and development: This segment has a capital outlay of Rs 10,000 million to promote research at a fibre level, including carbon fibre, Aramid fibre, nylon fibre, and composites and an application level across geo-textiles, agro-textiles, medical textiles, mobile textiles and sports textiles and development of bio-degradable technical textiles. There is another important sub-component in the research activity that aims to develop indigenous machinery and process equipment for technical textiles, promote 'Make in India' and enhance the competitiveness of the industry by reducing capital costs.

Promotion and market development: Through market development, market promotion, international technical collaborations, investment promotions and 'Make in India' initiatives, NTTM aims to achieve an annual growth rate of 15-20% and expand the domestic market size to \$40-50 billion by 2024. An allocation of Rs 500 million has been under this component.

Export promotion: Under this component, NTTM aims to boost technical textile exports from Rs 140 billion in fiscal 2021 to Rs 200 billion by fiscal 2022 and grow at an annual rate of 10% up to fiscal 2024. To achieve this target, an Export Promotion Council for Technical Textiles has been envisaged for effective coordination and promotion activities in the segment. Rs 100 million has been allocated to achieve the objectives envisaged under this component.

Education, training and skill development: Skill development plays a major role in development and adoption of new technologies. Indian education, skill development and human resources are not at requisite levels to meet the technologically challenging and fast growing technical textiles segment. This mission aims to promote education at various levels related to technical textiles and cover application areas including engineering, medical, agriculture, aquaculture and dairy segments. In addition, skill development will also be promoted to create an adequate pool of highly skilled manpower to meet the needs at technical textile manufacturing units. Furthermore, an allocation of Rs 4,000 million has been made to achieve these targets.

Additionally, this mission focuses on promoting the usage of technical textiles in various flagship missions such as Jal Jivan Mission, Swachh Bharat Mission and Ayushman Bharat and in strategic sectors such as agriculture, aquaculture, dairy, poultry, etc. The use of geo-textiles in highways, railways and ports will result in robust infrastructure, reduced maintenance costs and a higher life cycle of infrastructure assets.

Free Trade Agreements (FTAs)

In a globalised economy, FTAs boost a country's exports. FTAs boost export volumes, improve sectoral growth and increase business opportunities for small and large players. The major advantages of FTAs come in the form of reduced or zero tariffs between member countries, improved access to the global market, better competition and innovation among domestic players and technology transfer.

Although India has been part of many FTAs, the domestic textile sector has not been able to reap the benefits. This can be mainly attributed to lack of FTAs with the US and the EU, which account for a major part of Indian textile exports. For instance, countries such as Vietnam and Bangladesh enjoy an import tariff of 0% on MMF based RMG trade due to FTAs, whereas India faces an import tariff of 10%.

That said, to improve incentives to export textiles, the government has been working on FTAs with the EU, the United Kingdom (UK), Australia and Canada. India has been holding FTA negotiations with the EU since 2013. If signed, these trade agreements spanning various countries will boost India's textile exports.

An overview of industrial and technical textile industry in India

Technical textile can be grouped into 12 segments depending on final product

Technical textiles are defined as textile materials and products used primarily for their technical performance and functional properties rather than their aesthetic or decorative characteristics. Other terms used for defining technical textiles include industrial textiles, functional textiles, performance textiles, engineering textiles, invisible textiles and hi-tech textiles. Technical textiles are used individually or as a component/part of another product. Technical textiles are used individually to satisfy specific functions such as fire retardant fabric for uniforms of firemen and coated fabric to be used as awnings. As a component or part of another product, they are used to enhance the strength, performance or other functional properties of that product. Technical textiles have been slowly but steadily gaining ground due to one or more of the reasons such as: functional requirement, health & safety; cost effectiveness; durability; high strength; light weight; versatility; customization; user friendliness; eco friendliness; logistical convenience etc. Unlike conventional textiles used traditionally for clothing or furnishing, technical textiles are used basically on account of their specific physical and functional properties and mostly by other user industries. Depending on the product characteristics, functional requirements and end-use applications the highly diversified range of technical textile are grouped into 12 segments. Segment wise details are as follows:

Agrotech

Agrotech includes technical textile products used in agriculture, horticulture (incl. Floriculture), fisheries and forestry. The technical textile products covered under agrotech are shade-nets, mulch-mats, crop-covers, antihail nets and bird protection nets, fishing nets etc.

Meditech

Meditech products include textile material used in hygiene, health and personal care as well as surgical applications. The Meditech products are available in woven, knitted and non-woven forms based on the area of application. Increasingly, synthetic fibre is being used in the production of these products. The technical textile products covered under Meditech are baby diapers, incontinence diapers, sanitary napkin, surgical sutures, disposables, surgical dressing, contact lens, artificial implants etc.

Mobiltech

Mobiltech segment of technical textile products includes applications in automotive and automotive components (including aircrafts and railways). The Mobiltech products can be broadly classified into two categories – Visible components and Concealed components. The visible components include – seat upholstery, carpets, seat belts, headliners, etc. The concealed components include – Noise Vibration and Harness (NVH) components, tyre cords, liners, etc. The technical textile products covered under mobiltech are nylon tyre cord, seat belt webbing, airbags, car body covers, seat

upholstery/fabric, automotive carpets, headliners, insulation felts, sunvisors/sunblind, helmets, airline disposables, webbings for aircrafts, aircraft upholstery, railways seating fabrics etc.

Packtech

Packtech includes several flexible packing material made of textile used for packing various goods for industrial, agricultural, consumer and other goods. It ranges from polymer based bags used for industrial packing to jute based sacks used for packaging food grains and packaging used for tea. This packaging (excluding jute) is also referred to as flexible packaging materials. The technical textile products covered under packtech are polyolefin woven sacks (excluding FIBC), FIBC, leno bags, wrapping fabric, jute hessian and sacks (including food grade jute bags), soft luggage products (TT component), tea-bags (filter paper) etc.

Sportech

Sportech segment comprises of technical textile products used in sports and leisure. The technical textile products covered under sportech are sports composites, artificial turf, parachute fabrics, ballooning fabrics, sail cloth, sleeping bags, sport nets, sport shoes components, tents, swimwear etc.

Buildtech

Buildtech segment comprises of textiles or composite materials used in the construction of permanent and temporary buildings as well as structures. The products covered under buildtech are architectural membranes, hoardings & signage, cotton canvas tarpaulins, HDPE tarpaulins, awnings & canopies, scaffolding nets, floor & wall coverings etc.

Clothtech

Clothtech segment of technical textiles comprises of all textile components used primarily in garment applications, which have some specific functional applications. These components are largely hidden. Various fabrics like umbrella cloth are also classified under the Clothtech segment. The technical textile products covered under clothtech are shoe laces, interlinings, zip fasteners, elastic narrow fabrics (tapes), velcro, labels, umbrella cloth, sewing threads etc.

Homotech

Homotech segment of technical textiles comprises of the textile components used in household applications. These products range from blinds used in the houses to the filter products used in the vacuum cleaners. They are an important component in the mattress and pillows as well. They are made of both natural and synthetic fibres. For example, carpet backing cloth is made from jute as well synthetic fibres. The technical textile products covered under homotech are as fibrefill, mattress and pillow components, carpet backing cloth (jute & synthetic), stuff toys, blinds, HVAC filters, filter cloth for vacuum cleaners, nonwoven wipes, mosquito nets etc.

Protech

Protech is an ensemble of textile products and related material used in the manufacture of various protective clothing for personnel working in hazardous environment. The protective

clothing includes garments and related paraphernalia for protection from harmful chemical environment, extreme temperature environments, low visibility, ballistic protection, etc. Defence is one of the largest consumers of protective textiles. The usage of protective textiles in defence includes bullet proof jackets, NBC suits, high altitude clothing, fire retardant apparel etc.

Geotech

Geotech segment comprises of technical textile products used in Geotechnical applications pertaining to soil, rock, earth etc. This class of products is loosely called Geotextiles. However Geotextiles specifically refers to permeable fabric or synthetic material, woven or non-woven, which can be used with geotechnical engineering material). The principal functions performed by Geotextiles are confinement /separation, reinforcement, filtration and drainage, and protection. Application areas include civil engineering (roads and pavements, slope stabilization and embankment protection, tunnels, rail-track bed stabilization, ground stabilization and drainage etc.), marine engineering (soil erosion control and embankment protection, breakwaters) and environmental engineering (landfills and waste management). Other specialized geotech products comprise geogrids (plastics filaments and tapes etc. formed into a very open, grid like configuration having large apertures), geonets (extruded polymer ribs set in net like fashion with small apertures), geomembranes (impermeable fabric as barrier) and geocomposites (products using two or more geotextiles e.g. pre-fabricated drains-PVD).

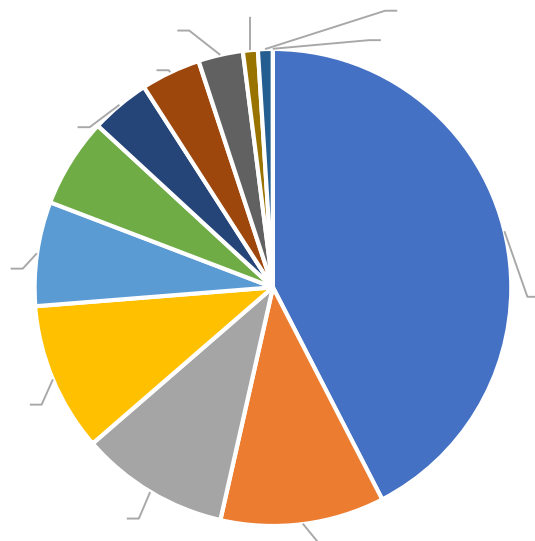
Oekotech

Oekotech segment refers to use of technical textiles in environmental engineering. The primary segment in this is landfill waste management. This refers to the use of geosynthetic products to secure landfills against leakage of municipal or hazardous waste. Other areas include secondary protection in chemical/oil industries (ground covers and the like around process tanks for secondary containment should the tanks leak).

Indutech

Indutech includes technical textile products used in the manufacturing sector. The technical textile products covered under Indutech are conveyor belts (TT component), drive belts (TT component), cigarette filter rods, decatizing cloth, bolting cloth, AGM glass battery separators, coated abrasives (TT component), ropes & cordages, composites (TT component), printed circuit boards (TT component), computer printer ribbon, paper making fabrics, filtration Products etc.

Share of 12 segments in total technical textile industry, FY18P



Source: Baseline survey, CRISIL Research

Key Raw material required for technical textile industry is mostly fibre

Natural fibres and synthetic fibres are the key raw materials (~70% of the total fibre used) in technical textiles, speciality fibres constitute the remaining fibre requirement. India is one of the leading producers of both natural and man-made fibres in the world. Easy availability of fibres at a cheaper rate has been a major competitive advantage for Indian technical textile industry. While natural and man-made fibres are domestically available, the Indian technical textile industry mostly rely on imports for speciality fibres.

Natural fibres

Natural fibres used in technical textile industry are Cotton, Jute, Silk, and Coir. Cotton is the most important natural fibre being used in India. India is the largest producer of cotton in the world accounting for about 22% of the world cotton production. Gujarat, Andhra Pradesh and Maharashtra are the leading producers of Cotton.

Jute is a key raw material for making of sacking used in Packtech and Geotech. India has taken advantage of recent improvements in the cultivation of jute and has surpassed Bangladesh to become the largest producer of jute in the world. West Bengal, Odisha, Assam, Meghalaya, Tripura and Andhra Pradesh are the leading jute producers. Silk is used to manufacture some varieties of blinds (Hometech), sutures (Meditech) and sewing threads (Clothtech), though the consumption is limited to high end products. India is the second largest producer of silk after China. The major silk producing centres of India are Karnataka, Tamil Nadu, Andhra Pradesh, West Bengal and Assam. However, the production of silk is not sufficient to cater to the national demand and India is an importer silk from China. Coir, the coconut fibre finds application in mattresses, ropes, cordages and floor coverings. India is world's largest producer of coir fibre accounting for over half of world coir production. The coir industry in India is concentrated in

coconut growing states – Kerala and Tamil Nadu, which together account for 90% of Indian coir production.

Man-made fibres

India is second largest producers of man-made fibres globally. The key man-made fibres/filaments used as raw material in technical textile industry are Viscose, Polyester, Nylon, Acrylic/Mod-acrylic, and Polypropylene. Key Polymers used as raw materials are HDPE (High Density Polyethylene), LDPE (Low Density Polyethylene), LLDPE (Linear Low Density Polyethylene), and PVC (Polyvinyl Chloride). A major chunk of man-made fibres and filament production is clustered in Gujarat.

Usage of man-made fibres/filaments and polymers in technical textile

Fibres/filaments and polymers	Key segments
Viscose	Clothtech, Homotech, Mobiltech
Polyester	Buildtech, Geotech, Clothtech, Packtech, Meditech, Agrotech, Sportech, Homotech, Indutech
Nylon	Buildtech, Clothtech, Packtech, Mobiltech, Meditech, Agrotech, Sportech, Indutech
Acrylic/Mod-acrylic	Buildtech, Protech, Meditech, Homotech
Polypropylene	Buildtech, Geotech, Clothtech, Packtech, Mobiltech, Meditech, Agrotech, Sportech, Homotech, Indutech
HDPE	Buildtech, Oekotech, Packtech, Sportech, Indutech
LDPE / LLDPE	Packtech, Agrotech, Sportech,

Source: CRISIL Research

Viscose is an important raw material for Clothtech. Viscose also finds application in manufacturing of wipes (Homotech) because of high absorbent properties. A special variety of viscose i.e. Viscose High Tenacity Filament yarn called tyre yarn finds application in Mobiltech. Polyester is the one of the most widely used synthetic fibre, both, in textile and in technical textiles. Some of the unique features of polyester, making it more desirable in the technical textile industry, are shrinkage resistance, wrinkle resistance, mildew and abrasion resistance, etc. Polyester is used as a raw material either in form of Polyester Staple fibre (PSF) or Polyester Filament yarn (PFY). Acrylic fibres are majorly used for manufacturing Blinds and Stuff toys (Homotech). Majority of viscose and polyester consumed in India is indigenously produced.

Mod-acrylic fibres find application in manufacturing flame retardant apparel (Protech). Polypropylene is the most widely used raw material for the technical textile products because of its special properties. Nylon finds application in majority of the technical textile products.

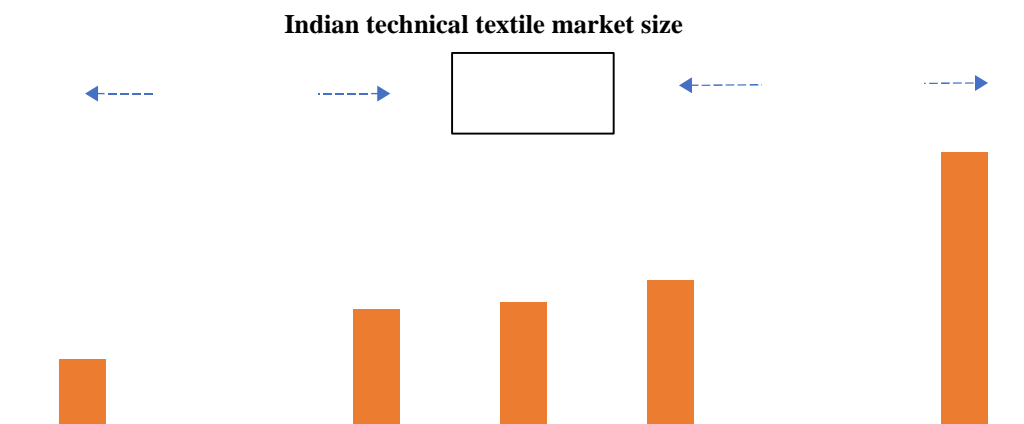
Polyethylene (PE) is the most widely used polymer. It has three different varieties depending on the density HDPE, LDP, and LLDPE. Different types of PE and Poly Vinyl Chloride (PVC) are the key polymers that find application in technical textile. HDPE/LDPE tapes are used in manufacture of variety of technical textile products. In addition the polymers are used as coating material for interlinings, etc. HDPE has a significant consumption in the packaging industry and variety of other products in technical textiles. PVC is majorly used as coating material for flex fabric, blinds, etc.

Speciality fibres

The technical textiles sector in India is dependent on import of speciality fibres. Their characteristics like light weight, durability and thermal stability have led to an increase in the overall demand for such composite materials. There are over 20 speciality fibres that are used in technical textiles. Aramids, FR fibres, carbon fibres, glass fibres, high tenacity and super high tenacity fibres are the key speciality fibres used in significant amount in Indian technical textile industry. In addition to these key speciality fibres, other speciality fibres like super absorbent fibres, alginate fibres, and conductive fibres are also used in the Indian technical textile and majority of them are imported.

Indian technical textile industry is expected to become double the size from fiscal 2021-26

Indian technical textile market is spread across all the 12 segments with Packtech, Indutech, Hometech and Mobiltech comprising major chunk of the market. The industry has shown compounded annual growth of 13% in last five years which is more than double of global CAGR. Favourable factors such as availability of raw materials and labour, and growing economy has driven the growth in the past. However, the demand for technical textile products is still in nascent stage with low penetration level of technical textiles at 5-10%, against 30-70% in advanced countries. The government, in a response to capture the potential posed by technical textiles, has developed a number of policies aimed to promote the development of the domestic technical textiles market. The improvement in technology, rising demand from various industries and increasing support from government policies are anticipated to fuel the market growth in this sector. The Indian technical textile industry is expected to grow at CAGR ~17% from fiscal 2021-26.



Source: CRISIL Research

Global growth drivers

Growth of medical textiles due to COVID-19

The pandemic situation had resulted in severe stress for healthcare industry globally in terms of medical supplies such as masks, protective clothing and single-use disposable clothing. To bridge the supply-demand gap, some of the manufacturers strengthened their production capacity to serve the domestic as well as international demands.

Industrial growth in emerging markets

The growth of sectors such as construction, automotive, healthcare, packaging, etc., in emerging nations is driving the growth of these sub-segments in technical textiles.

Increasing adaptability and awareness of the products

Growing awareness about the superior functionality/technicality such as personal safety, high strength, light weight and application of technical textiles is driving higher consumption of technical textiles and related products.

Other factors driving global demand

Non-woven material now-a-days plays a significant role in renovation of existing buildings as well as construction of new homes. The ability of non-woven wipers to absorb more liquid in comparison to alternatives like towels and napkins has resulted in a shift in demand to nonwoven wipers. Use of latest technologies such as Mulching, Vertical Farming, Aeroponics and Hydroponic farming technologies in agriculture has significantly increased the demand for agricultural sheets and covers. With the issue of land degradation being faced globally, Geotextiles are increasingly being used to control soil erosion on hillsides and embankments. Additionally, rise in infrastructure projects in the developing economies is playing a key factors driving the market growth.

Domestic growth drivers

Availability of raw materials

India's textile value chain economy has abundant availability of raw materials such as natural fibres, synthetic fibres, chemicals for processing, etc.

Availability of young and affordable manpower

India has significant share of young skilled workers at comparatively low wage rates compared to certain Asian countries, USA and Europe. This is expected to drive investments in technical textiles in India.

Investment promotion schemes by Government

The government has been promoting production of technical textiles and reduction on import dependence. The Government of India has initiated several initiatives for investors establishing technical textile unit in India. Few of such initiatives are listed below:

- National Technical Textiles Mission
- Amended Technology Upgradation Fund Scheme
- Scheme for Integrated Textile Parks
- Technology Mission on Technical Textiles
- Scheme for promoting usage of Agro-textiles in North East Region
- Scheme for promoting usage of Geotechnical textiles in North East Region

Additionally, several states in India also offer incentives and assistance to investors, which can include electricity and stamp duty exemptions, concessions in land registration, and single window clearance facilities for investment project applications.

Government's FDI promotion initiatives

To facilitate higher integration of technology into manufacturing processes and end products, Government of India has allowed up to 100% FDI under automatic route for the technical textiles segment. Leading global manufacturers of technical textiles products are able to establish manufacturing units in India, either alone or through partnerships with Indian industries. Several Central and State government agencies are working towards providing the necessary information to potential investors. These efforts have borne fruit, as several international technical textile manufacturers, like Ahlstrom, Johnson & Johnson, Du Pont, Procter & Gamble, 3M, SKAPS, Kimberly Clark, Terram, Maccaferri, Strata Geosystems, have initiated operations in India

Regulation and standardization across various sectors




With regulation and standardization across various sectors and industries, technical textiles sector is poised to witness significant growth in the coming years. A case in point is increase in demand for airbags and composites in automobiles sector, fire retardant/ resistant upholstery in railway coaches, bullet proof vests for defence/ police personnel etc.

Increase in consumer awareness about environmental issues

Owing to globalisation and social media, Indian consumers are increasingly evaluating products providing higher functionality along with environmental benefits. Environmental concerns along with a shift in consumer trends towards eco-friendly green buildings and materials, which is expected to increase usage of geotextiles.

Growth of end-use industries

A large number of technical textile products are consumed by different industries, like automotive, healthcare, infrastructure, oil & petroleum, etc. With increase in investments in these sectors, higher consumption and growing exports, the industrial sector is poised for considerable growth.

Exporter	EU	US	Canada	China	Key FTAs
	10%	16%	18%	5%	ASEAN, South Korea
Exporter	EU	US	Canada	China	Key FTAs
	0%	16%	0%	0%	ASEAN, the EU, Canada, China
	0%	16%	0%	0%	The EU, the UK, Japan, RCEP, Canada, China

Source: ITC Trade Map, CRISIL Research

Assessment of yarn manufacturing industry in India

Yarn manufacturing consists of sequence of various processes where in raw fibers are converted to yarn which can be further used in the manufacturing of various products such as fabrics and garments. The fibers are converted into yarn through a process called spinning, later sent to weaving and knitting.

A yarn can be made of natural fibers such as cotton, and wool. It can also be manufactured from man-made fibers (MMF) such as polyester, viscose, nylon, acrylic, polypropylene among others. Among the MMF segment, polyester accounts for ~91% in volume terms followed by viscose ~4%. As per ministry of textiles annual report for fiscal 2021, raw material consumption of the textile industry in India, the ratio of the use of the cotton to man-made fibres and filament yarn is 59:41

In this section, CRISIL Research covers polyester yarn and cotton yarn manufacturing industry in India.

Polyester yarn industry in India

Polyester belongs to a class of polymers that primarily contain polyethylene terephthalate (PET). It is a manmade fibre which is produced using purified terephthalic acid (PTA) and monoethylene glycol (MEG). The two main components of the domestic MMF industry are polyester and viscose, which together accounted for about 95% (in volume terms). Herein, polyester accounted for about 91%, while viscose accounted for ~4%.

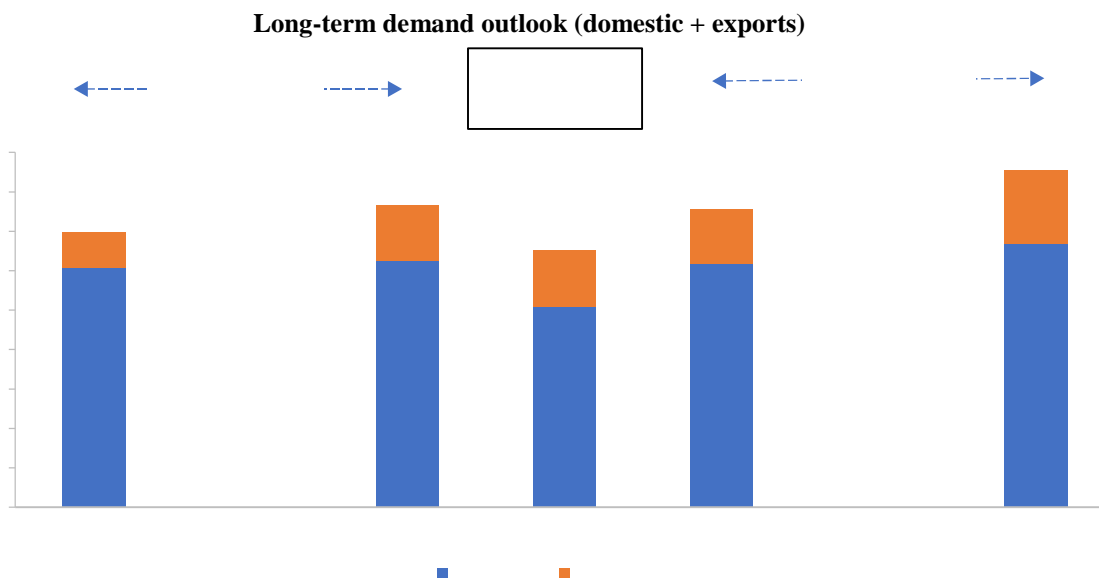
In the domestic market, polyester is mainly consumed in the form of partially oriented yarn (POY), which accounted for 70-75% (in volume terms) of domestic polyester consumption in

fiscal 2021. Polyester yarn is primarily used to produce blended fabrics and 100% non-cotton fabrics, which are, in turn, used in readymade garments, home textiles and other industrial textiles.

PSF demand to register moderate growth over fiscals 2022-2026

The overall polyester staple fibre demand (PSF), which is estimated at 1,305 ktpa in fiscal 2021, consists of ~78% of domestic demand and ~22% of export demand. Higher demand in the export market, coupled with relatively slow growth in the domestic market, has resulted in the share of exports in total demand to increase to ~22% in fiscal 2021 from 13% in fiscal 2016. In fiscal 2021, domestic demand is estimated to have declined ~18-20% on-year, due to an economic slowdown amid the pandemic, followed by reduced buying activating from consumers. Exports are estimated to have increased by only ~1% on-year amid weak demand from Bangladesh and the US.

Going forward, from fiscal 2022-2026, the overall demand (domestic and exports) is expected to increase at 24% CAGR. CRISIL Research expects domestic PSF demand to increase ~2-4% CAGR over fiscals 2021-2026 compared with ~(1)% CAGR over fiscals 2016-2021. The shift from cotton to polyester would support domestic demand. Moreover, exports are expected to increase at ~7-9% CAGR during fiscals 2022 to 2026.



Source: CRISIL Research

PSF demand in value terms

PSF	FY16	FY20	FY16-20 (CAGR)	FY21
Price (Rs/kg)	79	90	3%	78
Value (Rs. Bn)	111	138	6%	102

Source: CRISIL Research

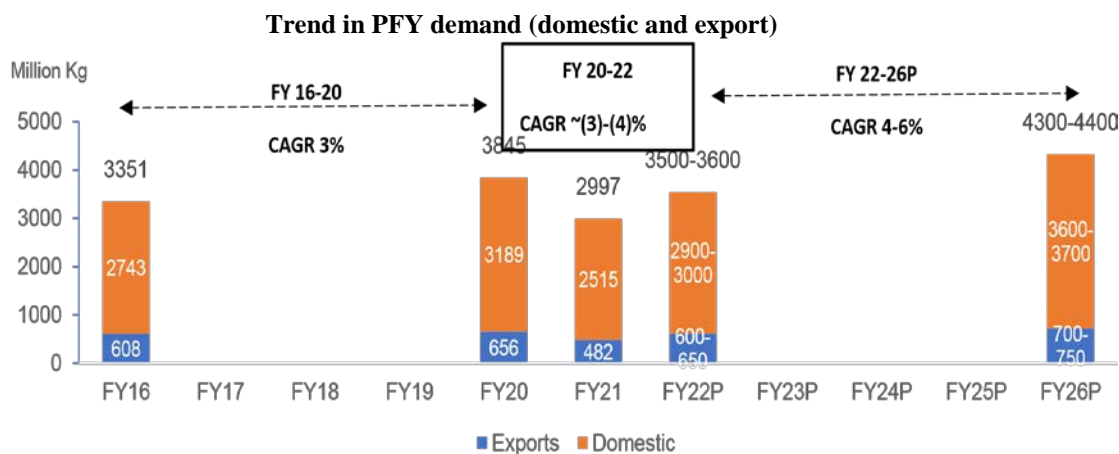
Increasing shift from cotton yarn toward PFY to support long-term PFY demand

Over fiscals 2016-2021, overall polyester filament yarn demand (PFY) decreased 2%. During fiscal 2021, overall PFY demand decreased ~22%. The demand declined amid the Covid-19-induced weakness in the global economy as well as domestic demand. The overall PFY demand, which is estimated at 3,549 ktpa in fiscal 2022, consists of ~83% of domestic demand and ~17% of export demand. Offtake in the domestic market resulted in the share of domestic consumption in total demand to increase to ~83% in fiscal 2022 from 82% in fiscal 2016.

Going forward, CRISIL Research expects domestic PFY demand to rise 4-6% on-year over fiscals 2022-2026, increasing demand from apparel segment owing to favourable demographics, urbanisation, rising income levels and an increase in penetration of organised retail.

- Demand from the apparel segment is expected to increase 6-8% over the next five years. While demand is projected to grow fiscal 2022 onwards
- Demand from home textiles is expected to increase 10-12% on-year, led by focus on health and hygiene, rising income levels and penetration of organised retail
- Demand from technical/industrial textile manufacturers, which has applications in automobiles, geotextiles, upholstery, and labels, is expected to grow at 6-8% CAGR, led by increasing support from the government to promote India's position in global markets in the technical textiles segment. However, a slowdown in automobiles industry would arrest further growth.

Exports, accounting for 16% of overall production during fiscal 2021, are expected to increase at 3-5% CAGR between fiscal 2022-26 (against (5) % CAGR over fiscals 2016-2021). Subsequently, overall demand (domestic and exports) is likely to increase at 4-6% CAGR for fiscal 2022-26 period.



P: Projected
Source: CRISIL Research

PFY/POY demand in value terms

PFY/POY	FY16	FY20	FY16-20 (CAGR)	FY21
Price (Rs/kg)	79	82	1%	75
Value (Rs. Bn)	265	315	4%	225

Source: CRISIL Research

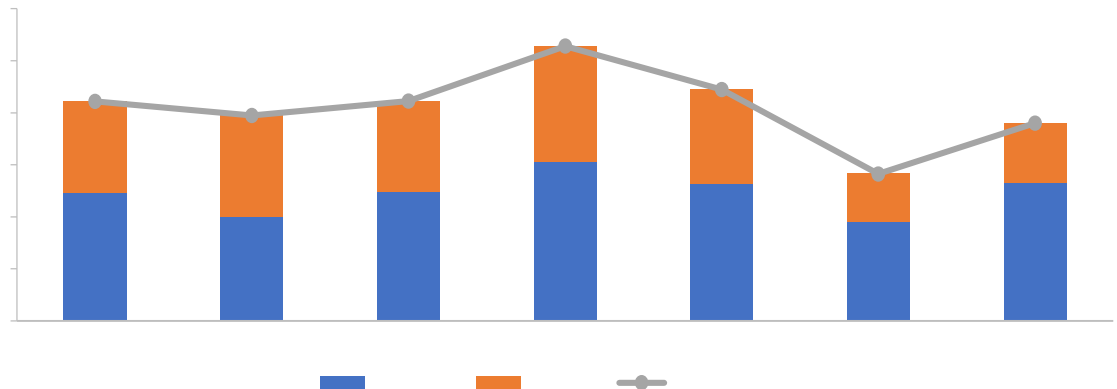
Raw materials prices saw a downtrend in fiscal 2020, led by a decline in feedstock cost

Paraxylene (PX)

PX prices will likely increase with an increase in input cost in 2021

In 2021, CRISIL Research expects naphtha prices to increase, given an expected increase in crude oil prices. Consequently, PX prices are also expected to increase 34-36% on-year to \$780-790 per tonne, in line with an increase in feedstock cost. The PX demand is expected to be driven by expansions in the downstream PTA segment (again, led by China). Therefore, demand for PX is expected to increase 5-7% on year. PX prices are estimated to have declined ~37% on-year in 2020 to ~\$565 per tonne, as naphtha prices fell 27% on-year, in tandem with crude oil prices. Spreads contracted in 2020 owing to a steeper price fall in PX vis-a-vis feedstock prices.

PX price, spread, and raw material cost trend



P: projected

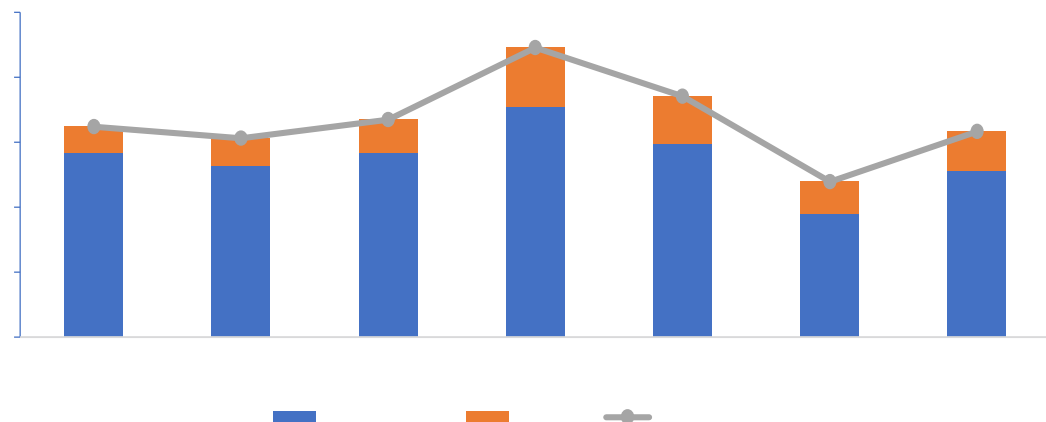
Source: CRISIL Research, Industry

Purified Terephthalic Acid (PTA)

Increase in feedstock prices in 2021 to result in higher PTA prices

Purified terephthalic acid (PTA) prices are expected to increase ~31-32% on-year to \$630-640 per tonne in 2021, primarily due to an increase in feedstock PX prices. During 2021, demand is expected to increase at ~57% on-year on account of increase in demand from downstream polyester segment and by the PET segment as China's ban on recycled plastics is likely to result in increased demand for virgin PET. In 2020, PTA prices declined ~36% on-year to \$479 per tonne, following the drop in feedstock PX prices.

PX price, spread, and raw material cost trend



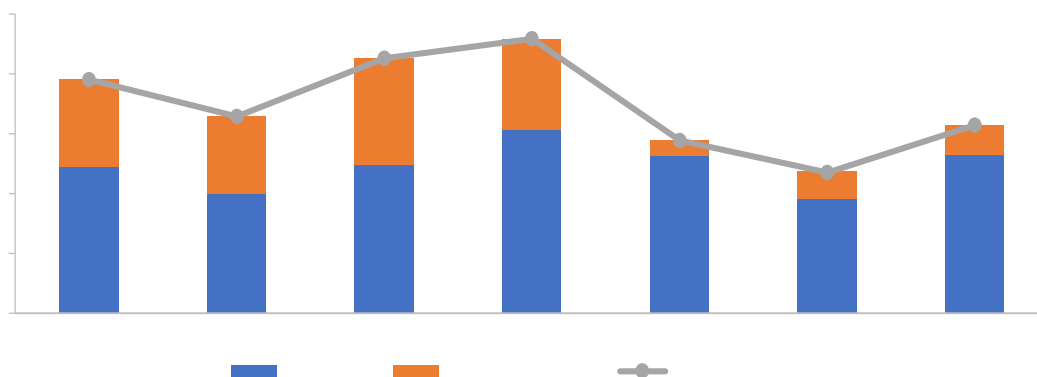
Mono Ethylene Glycol (MEG)

MEG prices to increase in 2021

In 2021, CRISIL Research expects naphtha prices to rise ~38-40% on-year due to an increase in crude prices. Subsequently, we expect MEG prices to rise 32-34% on-year to \$625-635 per tonne in 2021 owing to an increase in feedstock prices and an uptick in demand.

In 2020, MEG prices decreased 19% on-year to nearly \$471 per tonne, given the fall in naphtha prices.

MEG price, spread, and raw material cost trend



Source: CRISIL Research, Industry

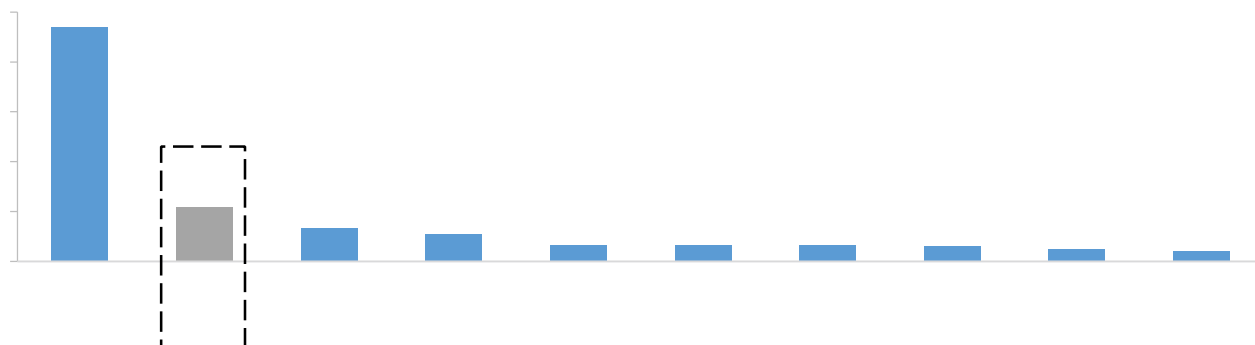
An overview of global and Indian polyester yarn trade

India stands second in PFY/POY yarn exports globally in 2020

Yarn is a continuous length of fibres that are interlinked together. It is used various processes for the production of textiles, which include weaving, sewing, embroidery, rope making, knitting, and crocheting. The textile yarn can be made of either cotton or synthetic fibres. Polyester filament yarn (PFY) or partially oriented yarn (POY) is one such type of synthetic yarn.

During 2020, China has accounted for the major share of exports in global PFY/ POY yarn market. China garnered a 47% share in global yarn market in 2020. India stands second among the global exporters of PFY/POY yarn with an 11% share in 2020.

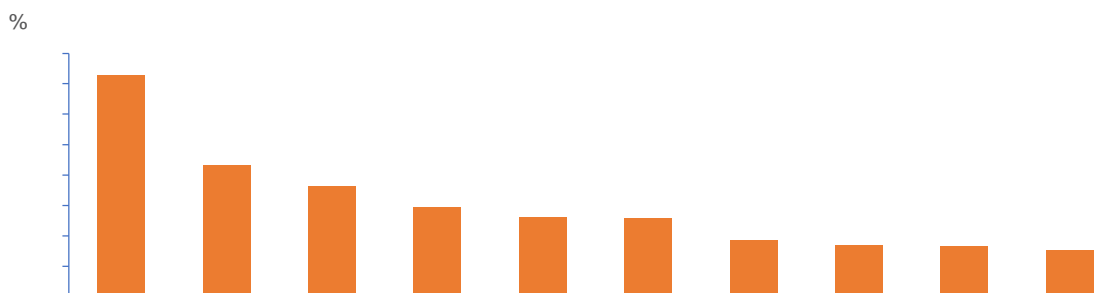
Share of top 10 countries in PFY/POY yarn exports in 2020 (value terms)



Note: HS Codes 540233, 540246, 540247, 540252 have been considered Source: ITC trademap, CRISIL Research

In terms of imports, Turkey occupies the major share globally in the PFY/ POY yarn market. For 2020, Turkey occupied a 15% share, which is closely followed by Vietnam (9%), Egypt (7%), and Brazil (6%). India, being a major producer of PFY/POY yarn, ranks lower at the 16th place among the global peers for 2020.

Share of top 10 countries in PFY/POY yarn imports in 2020 (value terms)



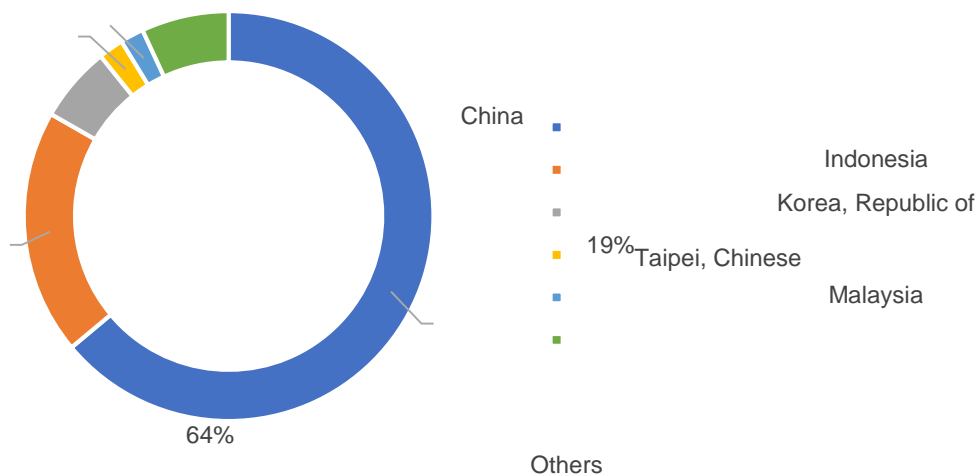
Note: HS Codes 540233, 540246, 540247, 540252 have been considered Source: ITC trademap, CRISIL Research

China is the major exporter of PFY/POY yarn to India in 2020

China occupies the major share among the various countries for PFY/ POY yarn imports to India. In 2020, China occupied a lion's share of 64%, which is followed by Indonesia (19%), Republic of Korea (6%), and Taipei (2%). However, it is important to note that India's imports of PFY/POY yarn is proportionately less, compared with exports in value terms. As per the ITC

trademap data, for 2020, exports constitute about \$103.4 million, whereas imports are about \$580.6 million.

Country-wise split of POY/PFY imports by India in FY20 (value terms)



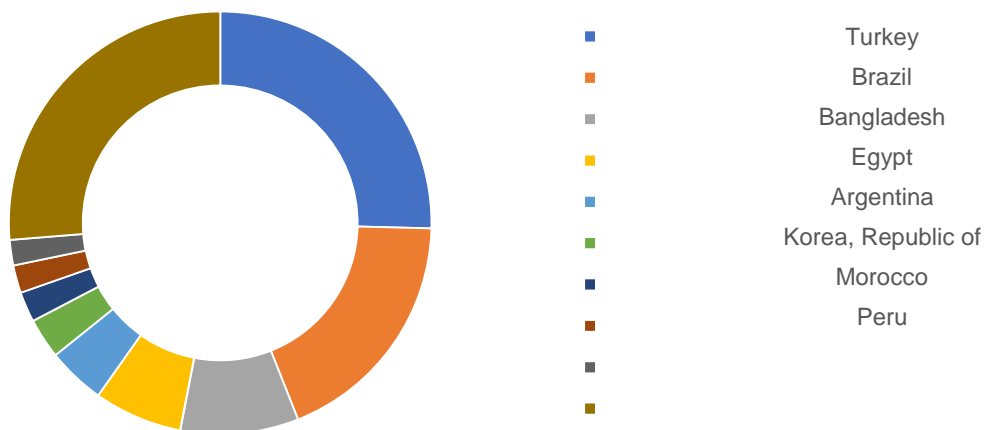
Note: HS Codes 540233, 540246, 540247, 540252 have been considered

Source: ITC trademap, CRISIL Research

Turkey is the major importer of PFY/POY yarn from India in 2020

In terms of exports, Brazil and Turkey together account for ~44% share of India's export basket in 2020. However, in terms demand from the two countries, India faces stiff competition from China, which, in turn, is also threatening India's exports. Having said that, moving further, competition from China will remain one of the key monitorables in India's export growth.

Country-wise split of POY/PFY exports by India in FY20 (value terms)



Russian Federation Others

Note: HS Codes 540233, 540246, 540247, 540252 have been considered

Source: ITC trademap, CRISIL Research

Cotton yarn industry in India

Cotton yarn industry relatively organized due to high capital intensity

The Indian cotton yarn industry is relatively organized, unlike the fabric industry. This is because setting up a yarn spinning mill needs huge investments (Rs 30,000-35,000 per spindle) to meet technological requirements. This limits the entry of players in the industry.

As on February 17, 2021, the domestic yarn industry comprised of 3,369 spinning mills, with a total installed capacity of 52.5 million spindles.

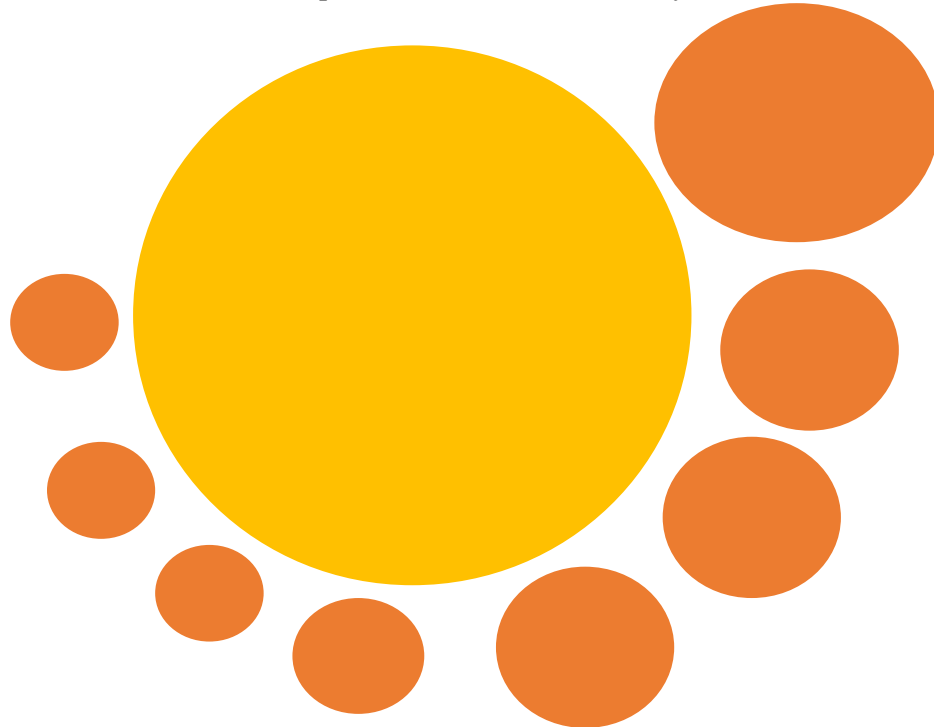
Small mill size and high level of fragmentation

The industry is fraught with a large number of small-sized spinning mills, leading to a high level of fragmentation. A spinning mill on average has 15,000-16,000 spindles. India has approximately 67 spindles per worker.

Tamil Nadu contributes to major share in Indian yarn industry

Tamil Nadu is the major contributor to the domestic yarn industry with 51% of spindles, 62% of mills, and 38% of workers. The state government has constantly supported the spinning industry through various incentives. This has led to the state having more spinning mills than other regions. Proximity to fabric clusters such as Erode and Salem has also helped the spinning industry in the state to prosper.

Share of states in number of spindles in India (as on February 17, 2021)

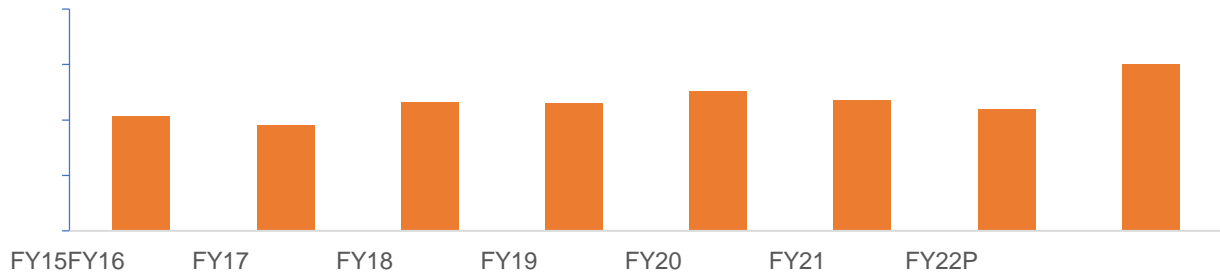


Cotton prices cost see an increase in financial year 2021

Raw material cost, i.e. cost of raw cotton, is the largest cost component for a spinning mill. As cotton is a seasonal commodity, procuring raw cotton at the right time and at the right price is crucial as it directly impacts the operating margin of a spinning mill.

Domestic cotton prices started increasing after reaching Rs 100/kg in the first quarter of fiscal 2021, the lowest since fiscal 2017. After that, in the third quarter of fiscal 2021, prices in the domestic market increased with improvement in demand in both the domestic and export markets, along with production loss due to the ongoing farmer protests in northern India. Prices increased further in the fourth quarter of fiscal 2021 as well, resulting in price increase for the full year. In the first quarter of fiscal 2022, prices continued to increase due to demand-side pressure. In second quarter of fiscal 2022, prices were impacted by inconsistent rain and pest attacks. The impact of the US' ban on cotton and cotton products produced in the Xinjiang region along with the proposed UK ban, in similar lines as US, will remain a key monitorable.

Cotton prices in the domestic market



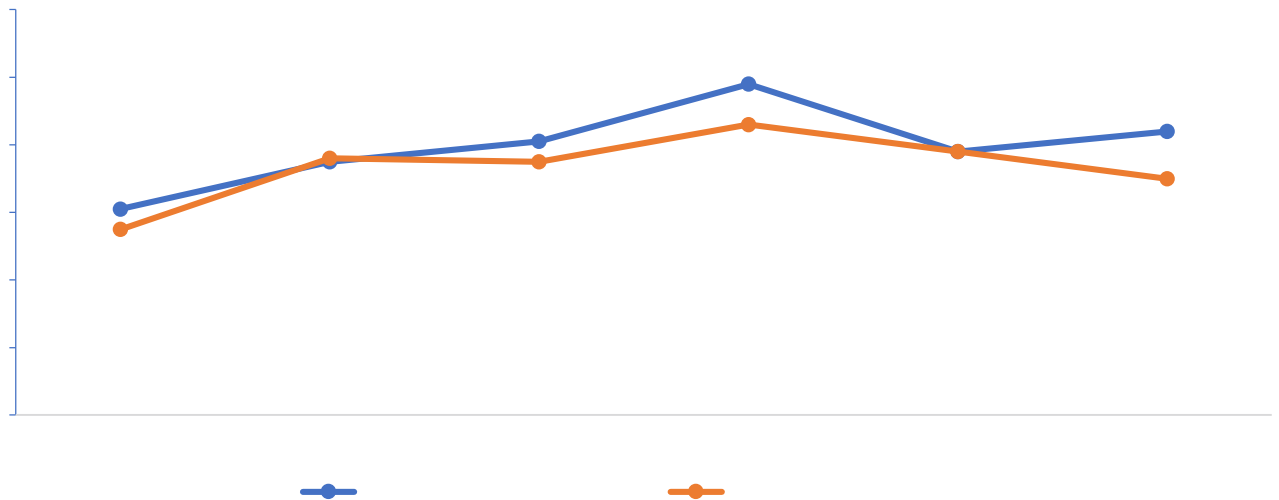
Note: The values mentioned are average for each of the financial years considered

Source: CRISIL Research

India has pricing advantage when compared to global average cotton prices

In terms of cotton prices, India stands at a advantageous position when compared to the global average prices. Over the past year, except for fiscal 2017, Indian cotton prices are lower than global average. In fiscal 2021, international average cotton prices stand at Rs. 124 per kg whereas Indian cotton prices stand at Rs.110 per kg.

Comparison of cotton prices (International vs Domestic)



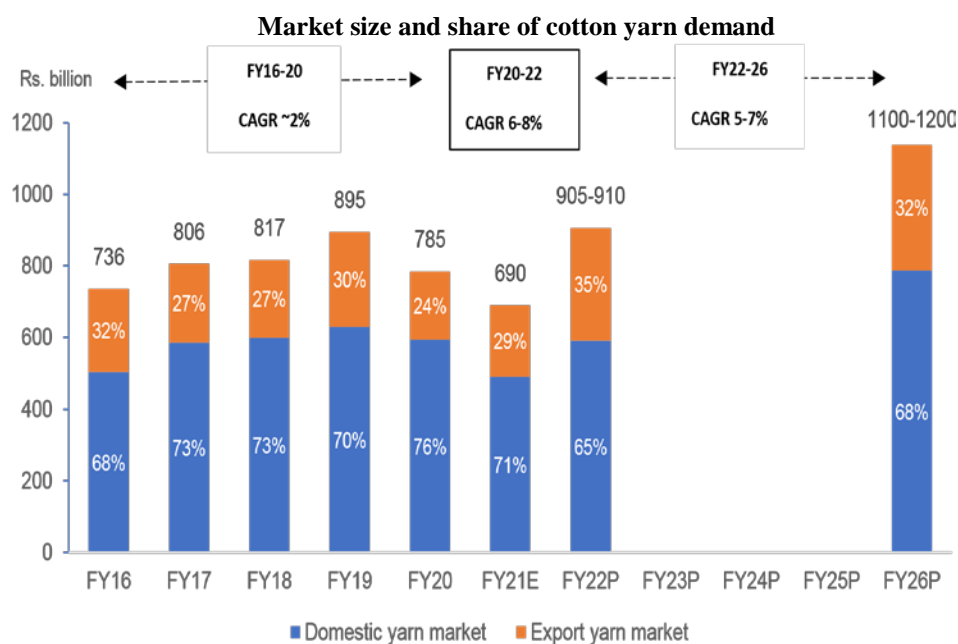
Note: The values mentioned are average for each of the financial year considered

Source: CRISIL Research

Domestic demand revival to lead to sharp growth over low base in fiscal 2021

The size of the cotton yarn industry is expected to increase to Rs 905-910 billion in fiscal 2022 from Rs 690 billion in the fiscal 2021. The growth of 29-34% this fiscal can be attributed to

economic recovery, downstream demand revival along with low base in fiscal 2021 and phenomenal growth in cotton yarn exports in the first quarter of this fiscal on the back of global recovery. The impact of the second wave of the pandemic on the cotton yarn sector was less severe compared with the first wave in fiscal 2021. Downstream demand from domestic RMG is expected to be hit severely by the pandemic. That said, the US' ban on Xinjiang (China) based cotton and derived products led to increase in export demand for cotton fabric, RMG and home textiles. The impact of the US' ban is expected to have a positive impact on the Indian cotton yarn sector in the short term. The UK is also mulling whether to impose a similar ban on China, which will further support global demand for Indian cotton yarn. The second half of the year is forecast to witness growth in demand with the arrival of the festive season, thereby giving a boost to downstream demand. Overall, growth in the first half of the fiscal is estimated to be higher on-year due to low base in the previous year; the second half is expected to witness a revival in volume growth in the domestic market as well. The industry is expected to lose its growth momentum with normalisation of demand over the period and is forecast to log growth of 5-7% CAGR reaching Rs 1100-1200 billion by fiscal 2026 on a higher base of fiscal 2022.

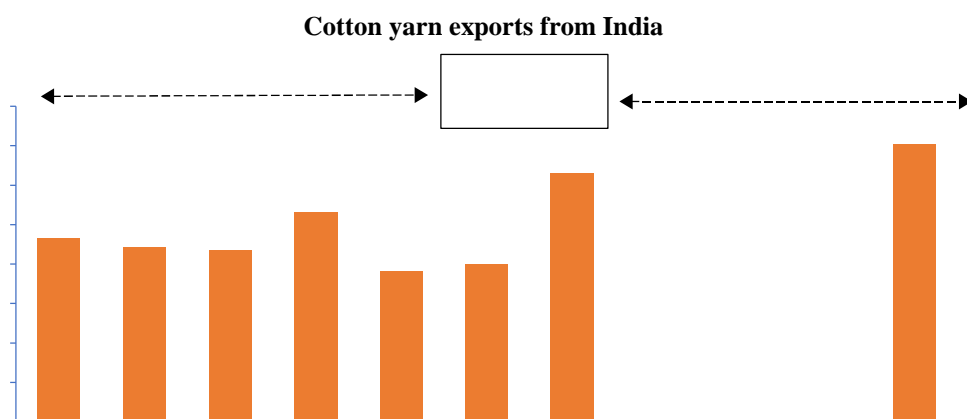


Source: Directorate General of Foreign Trade, CRISIL Research

Exports will continue to remain strong amid changing global dynamics




Export demand for cotton yarn increased by ~5% in fiscal 2021 due to increase in demand from China, Vietnam, and Bangladesh despite fall in global trade owing to the pandemic-led recessionary conditions. Exports are expected to increase by further 50-55% in fiscal 2022 with increase in global demand amid recovery in the global economy and with revival in downstream segments RMG demand from the EU and the US and home textile demand with increased focus on health and hygiene. Demand will further be supported by the US' ban on cotton and derived products from China and the ongoing energy crisis in China. The ban on China helped India increase its share in global trade in 2020. In fiscal 2022, cotton yarn demand from Bangladesh,



Vietnam and China witnessed significant growth of ~238%, ~76% and ~68% during April to July. The increase in demand from Bangladesh, Vietnam and China was driven by the US' ban on cotton from China. The impact of the pandemic, along with the energy crisis, will continue to remain a key monitorable. The ongoing constraints in coal supply might have a negative impact on production. This could affect cotton yarn exports as well and will remain a key monitorable.



Source: Directorate General of Foreign Trade, CRISIL Research

Share of cotton yarn export destinations

	Export partner	FY15	FY20	FY21	FY22 (Apr-Sep)
 (India)	 (China)	39%	22%	25%	21%
	 (Bangladesh)	14%	21%	24%	40%

 (Vietnam)	4%	4%	6%	4%
 (Others)	43%	53%	46%	35%

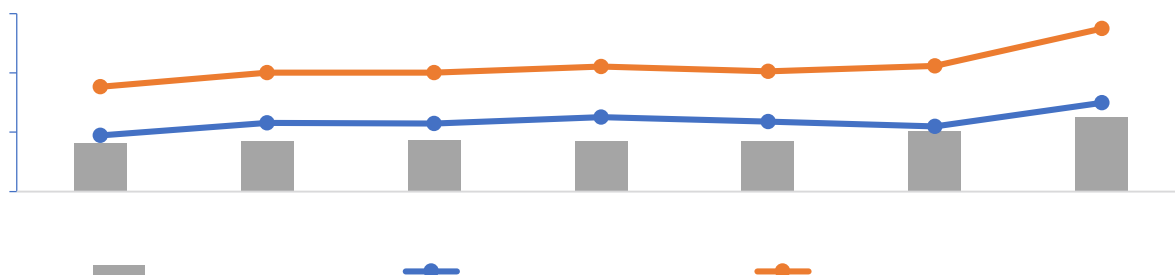
Source: Directorate General of Foreign Trade, CRISIL Research

Higher downstream demand propelled cotton yarn spreads in fiscal 2021

Cotton yarn prices have been trading at all-time high levels since the fourth quarter of fiscal 2021, driven by limited supply amid increase in downstream demand and higher domestic and international cotton prices. This has caused domestic yarn prices to reach an all-time high of Rs 212/kg in fiscal 2021, which, in turn, has led to increase in cotton yard spread to Rs 102 per kg in fiscal 2021 from Rs 82 per kg in fiscal 2016.

Domestic cotton yarn and cotton prices are expected to see an uptick this fiscal due to sustained demand from China, Vietnam and Bangladesh amid restricted cotton supply from China owing to the ban by the US.

Cotton yarn spreads



Overview of recycled yarn

Textile industry is one of the major consumer good industry in India. With rising discretionary spends and growing trends such as online retail, the textile consumption has been increasing over the years. However, the growth in textile industry also causes an counter effect of

environmental pollution caused by the waste generated. To reduce this waste generated, one of the methods adopted is recycling of textiles in order to reproduce fibers which in turn are utilised to produce recycled yarns

The waste generated are majorly of two types

- Pre-consumer waste:** Pre-consumer wastes are those wastes which are generated when the material is discarded before the converting finished products that is during the manufacturing of yarns, fabrics and ready-made garments.
- Post-consumer waste:** This kind of waste due of disposal of finished products by the end consumer as the reach end of their life or become undesirable. These majorly include products such as worn-out clothes, carpets, towels.
- Other than the above-mentioned, waste generated from PET bottles is used for recycling to produce recycled polyester yarn.

Types of recycling process:

Mechanical recycling

In this recycling process the textile fabric is converted to fiber without use of any chemicals. Shredding and carding are used in order to extract fiber from the fabric. In shredding the waste fabric is made into smaller pieces and sent to garnet machine for fiber extraction. These machines perform carding operation thus tearing the fabric pieces into fibers. These fibers are later used in the manufacturing yarn.

Chemical recycling

As the name suggest, in chemical recycling process various chemical processes are adopted wherein the fiber is either depolymerised or dissolved from the fabric into a monomer or a solvent. The major advantage of chemical recycling is that, output products produced are of the similar quality as the original product making the process superior when compared to that of mechanical recycling.

Major advantages

- It reduces the energy required when compared intensive process of making yarns from fresh materials
- Environmental benefits, as synthetic fibers don't decompose causing global warming and recycling avoids the same
- Usage of large volumes of water is reduced as the necessity of washing is reduced in the recycling process
- In addition to environmental benefits, recycled yarn manufacturing also provides economic benefits
- Through usage of recycled yarn low-cost clothing can be produced

Growth drivers and opportunities in Indian yarn manufacturing industry

Supply chain

In recent times, China is facing issues with respect to wage increases and shortage of workforce this would an opportunity for India which could act as an alternative destination for foreign players to enter. In addition, this would aid investors to avoid the US-China trade issues thus reducing the supply chain disruptions. Furthermore, India being world's largest manufactures of cotton and second largest manufacturer of polyester and viscose would further support the yarn manufacturing industry.

Opportunity in European Union (EU)

India seeking Free trade agreement with EU, combined with the possibility that Bangladesh could lose most favoured-nation (MFN) status with EU by 2026, could lead to an increase in exports from India to EU. India is working on getting a FTA with both the United Kingdom (UK) and European Union (EU). However, the FTA between Vietnam and the EU, which went into effect in August 2020, has strengthened Vietnam's position in the EU market and may prove to be a competitive barrier for Indian exports in the EU region.

Government Initiatives for exports

New low-cost locations for textile manufacturing are emerging in India with support extended by some state governments. Besides, under the Set-up of Integrated textile parks (SITP) scheme, launched in 2005, the government is to provide the industry with state-of-the-art world-class infrastructure facilities for setting up their textile units.

Apart from this, the schemes like Export Promotion Capital Goods Scheme, facilitate import of capital goods with duty at a concession up to zero percent and appropriate export obligations. Textile's machinery is also covered under this scheme, thereby promoting textile exports.

In addition, initiatives taken by Government of India such as Performance-linked (PLI) and Mega Investment Textile Parks (MITRA) both will boost MMF-based ready-made garment (RMG) exports, thus boosting demand for yarn.

Disruptions in China and pick-up in downstream demand to aid yarn manufacturing

Domestic yarn industry growth was potentially hit due to the Covid-19 pandemic's second wave in the first quarter of fiscal 2022. CRISIL Research expects domestic demand for overall yarn industry to recover from the second quarter onwards driven by a pick-up in downstream segments such as readymade garments (RMG), home textiles and technical textiles demand. The export demand to strong given global economy recovery of importing countries and a huge power crisis that has affected production across power-intensive Chinese industries. In addition, cotton yarn industry to experience tail winds due to the US ban on cotton and related products from China.

Overall, the market is estimated to grow on a low base of the first half of fiscal 2022 and accelerate strongly in the second half. However, the recent global coal crisis has fuelled domestic supply constraints and affected power generation. It remains a key monitorable given that textile is a power-intensive industry.

Revival post covid pandemic to aid global yarn manufacturing industry

Covid-19 pandemic has disrupted supply chains across the globe leading to dip in the industry during the period. Going forward, revival to pre-covid levels in major importing such China, Bangladesh, Vietnam would boost the global yarn production. In addition to this global population growth, increase in disposable income and shift of consumer preference towards the branded apparel would further aid the growth in the segment.

Global demand for polyester yarn to be driven by end use segments

The global polyester yarn demand is driven by end use segments such as sport wear, quick dry clothing and other equipment such as waterproof liners, sleeping bags etc. The change in consumer preference for polyester yarn over the cotton due to higher strength and wrinkle free properties would further aid the segment. In addition, this segment is expected to attract opportunities from various from other industries such as automobile, hospitality which would growth opportunities. Overall, these factors support the global demand for polyester yarn industry.

Challenges in the Indian yarn industry

Raw material price fluctuations

Raw material cost (raw cotton) is the largest cost component for the yarn-manufacturing industry, accounting for a major share in players' operating income. In case of cotton yarn, as cotton is a seasonal commodity, procuring raw cotton supplies at the right time and at the right price is crucial. Similarly, fluctuations in the price of naphtha would affect the polyester yarn manufacturers. These raw material price fluctuations impact yarn players, due to limited ability to fully pass on the price rise and inventory losses, when sharp price correction happens. Hence, the major determinant of profitability for a yarn manufacturer is the management of raw material price fluctuations, which also makes it a key challenge for the industry.

Currency risk

Exchange-rate fluctuations indirectly affect the pricing power of yarn manufacturers, as downstream segments (RMG and Home textiles) are export-oriented and price-competitive. Hence, a sharp appreciation in rupee affects the pricing flexibility of mills catering to export-oriented units. Moreover, ~25% of overall yarn demand is involved in direct exports, which are susceptible to exchange-rate fluctuations.

Reduced government support

The spinning industry is capital-intensive and requires huge investments. Investments were hindered, as interest rates in India were very high during the 1990s. Hence, the Ministry of Textiles launched the Technology Upgradation Fund Scheme (TUFS) in 1999 to upgrade the technology at textile units. The scheme initially provided a 5% interest subsidy on loans borrowed from specified institutions to all segments within the textiles value chain. As of June 2010, spinning mills received 34% of the total funds disbursed under TUFS.

In fiscal 2012, the scheme was renamed as the Restructured Technology Upgradation Fund Scheme (R-TUFS) with a few changes. The refurbished scheme provided reimbursement of 5% on interest charged by the lender, for loans taken to upgrade technology at a textile unit. However, the scheme provided a 4% interest reimbursement for new standalone spinning

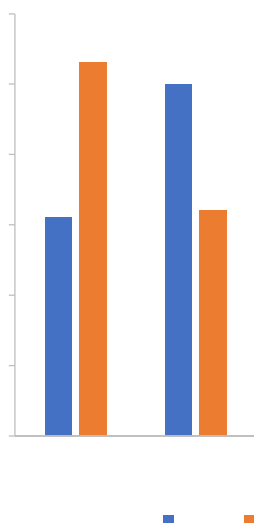
machinery or for replacement/modernisation. However, R-TUFS was updated and named as the Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) with effect from April 1, 2012. Under the updated scheme, the interest benefit to standalone spinning units was further reduced to 2% in October 2013. On January 13, 2016, a new scheme Amended Technology Upgradation Scheme (ATUFS) was approved by the government to provide a one-time capital subsidy for investments in the employment- and technology-intensive segments of the textile value chain. Under ATUFS, no subsidy is provided for the spinning sector.

However, some states such as Gujarat, Maharashtra and Madhya Pradesh have come up with their textile policies. These states are giving additional subsidies on interest, power, and capital to promote the growth of the spinning industry. A reduction in benefits under state textile policies during limited support from the Central government is a sizable risk for the industry

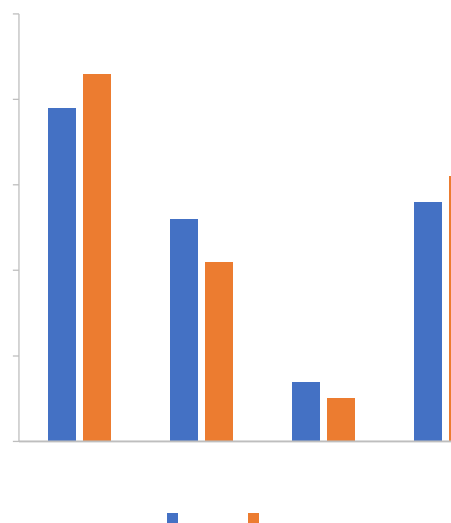
India facing stiff competition from China in POY/ PFY export markets

India is expected to continue to face stiff competition from China. While India has been able to capture a significant share in PFY export markets in the past, especially in Brazil and Turkey, its share has been declining. India's share in Brazil's import basket declined from 50% in 2016 to 32% in 2020, while that of China has increased from 31% in 2016 to 53% in 2020. Similarly, in Turkey's import basket, India's share has reduced from 26% in 2016 to 21% in 2020, while that of China has increased from 39% in 2016 to 43% in 2020.

Brazil's export market



Turkey's export market



Source: UN Comtrade

Import duties

India scores low on competitiveness versus Bangladesh, Pakistan and Vietnam, primarily because of FTAs that give them a preferential access. FTAs and other favourable policies facilitate duty-free access to export destinations, which allow countries to price their exports competitively. Preferred access can also take the form of quotas or a mix of duty and quota.

An overview of Indian Cotton fabric industry

The fabric industry, which comprises handlooms, power looms, composite mills and hosiery (knitting) units, can be categorized into the organized and unorganized sectors. Composite mills make up the organized sector, while the unorganized sector includes decentralized power looms, handlooms, and hosiery production units.

Composite mills perform all functions from spinning to weaving and processing of cloth. A handloom unit converts yarn into fabric through a hand-operated machine, while a power loom does the same using electricity. In India, Bhilwadi, Bhilwara, Erode, Ichalkaranji, Madurai, Malegaon, Salem and Solapur act as the dominant clusters for fabric production. Cotton fabrics accounted for ~60% share of India's fabric production in FY19 in volume terms.

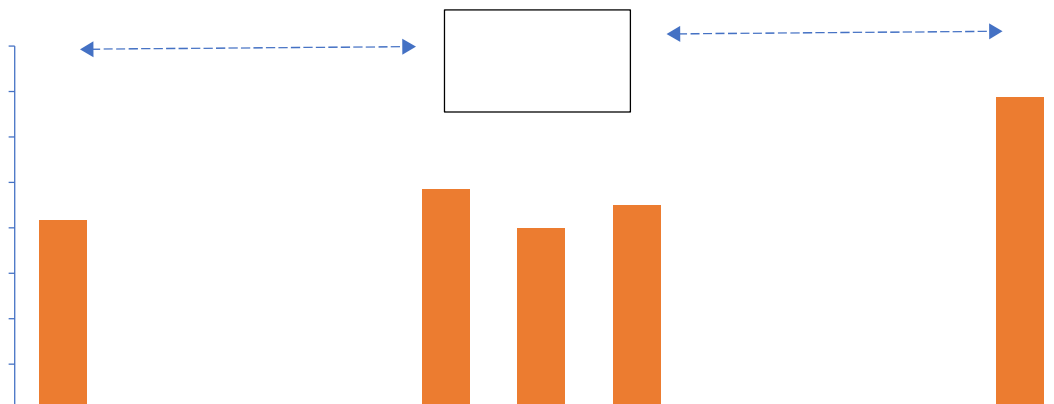
As power looms, handlooms, and hosiery account for most of the fabric production, the industry is still unorganized. Handloom weaving is one of the largest economic activities after agriculture, providing direct and indirect employment to more than 4.3 million weavers and allied workers. Share of power looms is higher than composite mills in total fabric production. This can be attributed to the high cost of labour and land required for a composite mill, which necessitates considerable investments. On the other hand, power looms are less capital intensive, and hence, more fragmented.

Indian cotton fabric industry projected to grow at a CAGR of 8-12% over fiscal 2022-26P

The cotton fabric industry is highly fragmented with about 80% of the cotton fabric produced unorganized powerloom and hosiery sectors. Demand for cotton fabrics is majorly derived from by the end use segments of Ready-Made Garments (RMG) and home textiles.

Over the past five years, Indian cotton fabric industry has grown from Rs. 2,083 billion in fiscal 2016 at a CAGR of 4% to Rs. 2,428 billion in fiscal 2020. During fiscal 2021, cotton fabric segment saw a dip of 15-20% led by the demand decline in end use segment of RMG. Going forward, the cotton fabric segment is expected to grow at a CAGR of 8 - 12% from fiscal 2021 reaching a value of Rs. 3200 - 3500 Bn by fiscal 2026. This growth is majorly attributed to growth in end use segments of cotton fabric industry such as RMG. In addition, ban by US on Chinese cotton and related products aiding the exports from India which are expected to grow at a CAGR of 9-11% between fiscal 2022-26P

Trend and outlook of cotton fabric industry (Domestic + Exports)



Note: From fiscal 2020-26 the Indian cotton fabric industry is expected to grow at a CAGR of 5-7%

Segment	Share (FY20)	FY16 – 20 CAGR	FY20 – 26 CAGR
Exports	5%	3-5%	8-10%
Domestic	95%	4-5%	5-7%
Overall		3-5%	5-7%

Source: Ministry of commerce. CRISIL Research

Growth in end use segments to drive the demand for Indian cotton fabric industry

The demand for cotton fabrics is majorly derived from demand of apparels in domestic as well as international markets coupled with the pricing substitute of blended fabrics. Over the coming years, CRISIL Research estimates RMG segment to grow on the lower base of fiscal 2021. CRISIL Research expects the domestic apparel segment to grow by 19-20% during fiscal 2021-25 and during the same period the exports are expected to increase at a CAGR of 10-12%. This growth in end use segment would further boost the demand for cotton fabric manufacturing. In addition to this, US ban on Chinese cotton would further support the demand growth.

Government policies support cotton fabric industry in India

The government policies are supportive of growth in textile industry given its potential for employment generation. Schemes like Technology upgradation Fund Scheme (TUFS) have significantly reduced the capital cost for the industry with government providing both capital costs and interest subsidy. Some of the states such as Gujarat, Maharashtra, Madhya Pradesh, Rajasthan and West Bengal have also come up with their own policies over and above TUFS. Under ATUFS, weaving units are provided with 10% capital investment subsidy up to a cap of 0.2 billion which will aid in modernization. Also government has launched PowerTax India, a comprehensive scheme for power loom sector development, which is major contributor to cotton fabric production in India, includes assistance for upgradation of plain power looms. These government policies coupled with downstream demand is likely to boost the cotton fabric industry in India.

Organised retail to lead growth in global cotton fabric industry

The long-term growth in global cotton fabric segment is expected to be driven by growth of organised retail in developed economies. Organised retail provides cotton fabric players an established distribution network which would increase the reach of the products to wider range of consumers. In addition to this, growing reach ecommerce segment is also expected to support global industry as it provides a platform for the domestic manufacturers to cater to the global audience. Furthermore, changing consumer trends and demographic are also poised to demand increase in global cotton fabric industry.

Cotton being the preferred fabric over the years

Cotton being a natural fiber is being used in manufacture of apparels over the years and cotton fabric remains one of the most used fabric today. Due to advantages that the cotton fabric holds in the apparel manufacturing such breathability, better moisture absorption and being biodegradable makes it occupy the major share in the overall fabric production. In the overall fabric production, cotton fabric production occupies a share of 60% in fiscal 2018 which has increased from 51% in fiscal 2011

OUR BUSINESS

Unless otherwise stated, references in this section to “we”, “our” or “us” (including in the context of any financial information) are to the Company along with its Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company and business, prospective investors should read this section in conjunction with “Risk Factors”, “Industry Overview”, “Management’s Discussions and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 21, 52, 169 and 131 respectively, as well as financial and other information contained in this Draft Letter of Offer as a whole. Additionally, please refer to “Definitions and Abbreviations” on page 4 for certain terms used in this section.

Overview

We are new in this business of trading of Agriculture Products and proposed to business into trading of Textile Products and Clothing. All the verticals are housed under a single corporate entity. This has facilitated our diversification into new segments which in turn has helped us in serving a large number of customers across various sectors.

Our business is divided into two separate yarn business verticals, consisting of: a) Agriculture; b) Textile and Clothing Trading verticals. The revenue mix from the three verticals for the six-month period ended September 30, 2022:

Business vertical	(₹ in Lacs) For the six-month period ended September 30, 2022
Agriculture	40
Textile and Clothing Trading verticals	[●]

Our Strengths

We are one of the few companies in India with a presence across the Agriculture sectors.

We are present across Agriculture verticals. One of our business strengths lies in the diversity of our product range and the relatively higher share of value-added products.

We believe that our diversified product portfolio allows us to scale new markets, offer more to our current customers and helps diversify amongst various geographies. This helps us in insulating ourselves from cyclical effects of the economy and from uncertain events.

Focus on the product development of new products, through R&D and process innovation.

We have an in-house team that is constantly working with a focus on developing value added products and using our existing machines and infrastructure to prepare customized made to order products. Such products are unique in colour, property, characteristics to suit specific customer requirements which we believe provides stickiness to the customer and leads to higher margins on those products.

To achieve the above, our sales teams give us constant feedback for customer requirements and market trends. We also have an in-house sales team which interacts regularly with our customers in addition to our dealer-based sales and distribution network which focuses on order servicing and collections.

We have an inhouse testing facility having advance equipment meeting international industry standards to constantly analyse and improve our products and do testing and sampling of new products for development.

Our team stays abreast of latest market trends which can help in developing and manufacturing innovative valueadded yarns.

Long standing association with leading consumer brands with a low customer concentration.

We have established long-standing relationships with few of the leading consumer brand, which we believe has been possible due to decades of association, delivery of quality products, made to order products and by maintaining high quality standards.

Deep knowledge and understanding of optimal product assortment and strong supplier network enabling procurement at predicable and competitive pricing, leading to an overall efficient cycle.

We have a diversified product portfolio for which we focus on using our deep knowledge of the clusters and regions in which we operate to customise our product assortment keeping in mind local demands and preferences. We also continuously focus on enhancing the products that we manufacture. Further, we have a wide network of suppliers across the country and internationally and we endeavour to source our products from regions where they are widely available or manufactured to minimise our procurement costs. Our facility has an inventory and receivable management system which has resulted in a healthy working capital cycle. We operate a standardised procurement system and procure most of our products on a purchase-order basis ensuring procurement flexibility at competitive prices. Our procurement team on an ongoing basis conduct research to locate the best product sources, in relation to both quality and price, in order to improve our supplier network and have efficient supply and sale cycle. Further, we endeavour to pay our suppliers on time and are often able to procure discounts for such prompt payment.

Our Strategies

Expanding our manufacturing of product.

We expect the global yarn industry as well as the demand for yarn products to steadily grow over the next few years. In recent times, China is facing issues with respect to wage increases and shortage of workforce. This would be an opportunity for India which could act as an alternative destination for foreign players to enter. In addition, this would aid investors to avoid the US-China trade issue thus reducing the supply chain disruptions. Furthermore, India being world's largest manufacturers of cotton and second largest manufacturer of polyester and viscose would further support the yarn manufacturing industry. (*Source: CRISIL Report*) .

We have also recently started our recycled yarn business under the polyester yarn product vertical and will be manufacturing and marketing our recycled yarn products looking at the

growth in demand for recycled yarns from brands and consumers and keeping in mind the environmental benefits of reusing waste plastic bottles to convert them into yarns for fabrics. We plan to grow our recycled yarn business in the coming years to a significant capacity and thereby expanding our polyester yarn business vertical.

Enhance value addition in existing products and development of new products.

Our strategy is to provide our customers with a comprehensive range of products at value for money prices. We will continue to focus on optimal product assortment in each cluster of our operation keeping in mind the local needs and preferences. We will continue to introduce new products depending on customer needs across our diversified product segments and also introduce process improvements as they are critical for expansion of our product portfolio and which shall also increase our ability to cater to a more diverse consumer base. We believe a continuous review of our products according to our evolving understanding of customer preferences will help us better cater to our customers' needs and maximise our sales.

Harnessing digitization and technology in production processes with a focus on energy efficiency and sustainable practices.

We have an in-house team that is constantly working with a focus on increasing value added products and utilizing the existing infrastructure to make customized made to order products which are unique in colour, property, characteristics to suit specific customer requirement.

We also have an inhouse testing facility having advance equipment meeting international industry standards to constantly analyse and improve our products and do testing and sampling of new products for development. We intend to migrate to a technology driven production control as we believe such production control shall result in traceability and transparency of the entire production process. We intend to fully digitize our infrastructure and enhance our data driven decision making. The introduction of such measures is intended to improve our cost efficiency and simultaneously upgrading the quality of our products while using sustainable practices. We intend to enhance the artificial intelligence abilities to improve our production capabilities as we consider that to be the future of our business.

KEY REGULATIONS AND POLICIES

The following is an overview of certain sector specific laws and regulations in India which are applicable to the business and operations of our Company. The information of laws and regulations available in this section has been obtained from publications available in public domain and is based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, or judicial decisions. The description of laws and regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial, or administrative decisions.

Our Company is engaged in the production and export of Polyester, Technical Textile and Cotton Yarn. Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations in India. For information regarding regulatory approvals required by our Company, see “Government and Other Approvals” on page 182.

The following is an overview of some of the important laws and regulations, which are relevant to our business of production and export of Polyester, *Technical Textile* and Cotton Yarn.

Key Legislations Applicable to Our Business

The Textiles Committee Act, 1963

The Textile Committee Act, 1963 (the “**Act**”) was enacted in 1963 to provide for the establishment of a committee for ensuring the quality of textiles and textile machinery and for matters connected therewith. The Act prescribes for establishment of a textile committee (hereinafter referred to as the “**Textile Committee**”) with the general objective of ensuring a standard quality of textiles both for internal marketing and export purposes as well as standardisation of the type of textile machinery used for manufacture. In addition to the general objection as mentioned above, the function of the Textile Committee inter alia include, to undertake, assist and encourage, scientific, technological and economic research in textile industry and textile machinery, promotion of export of textile and textile machinery, establishing or adopting or recognising standard specifications for textile and packing materials used in the packing of textiles or textile machinery for purpose of export and internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials, specify the type of quality control or inspection which will be applied to textile or textile machinery, provide for training in the techniques of quality control to be applied to textiles or textile machinery, provide for inspection and examination of textiles, textile machinery and packing material used in the packing of textile and textile machinery, establishing laboratories and text houses for testing of textiles and data collection and such other matters related to the textile industry.

Textile Development and Regulation Order, 2001 (“Textile Order”)

The Central Government in exercise of the powers conferred upon it under section 3 of the Essential Commodities

Act, 1955 and in supersession of the Textile (Development and Regulation) Order, 1993 brought in force the Textile Order. Under the Textile Order every manufacturer of textiles, textile machinery and every person dealing with textiles is required to maintain books of accounts, data and other records relating to the business in the matter of production, processing, import, export, supply, distribution, sale, consumption etc. and shall furnish such returns or information in respect to the business as and when required by the Textile Commissioner. The Textile Order confers upon the Textile Commissioner powers to issue directions by notification with the prior approval of Central Government to any manufacturer regarding the specification or class of textiles which shall not be manufactured, dyes and chemicals which shall not be used in the manufacture of textile, maximum and minimum quantity of textiles which shall be manufactured, maximum ex-factory or wholesale or retail price at which textiles shall be sold, markings to be made on textiles by manufacturers and the time and manner of such markings and direct the officer in charge of any laboratory to carry out or cause to be carried out such tests relating to any textiles as may be specified by the Textile Commissioner.

Amended Technology Up-Gradation Fund Scheme (ATUFS)

Ministry of Textiles, Government of India has notified ATUFS *vide* resolution dated January 13, 2016. In accordance to the said regulation the guidelines of ATUFS i.e. financial and operational parameters and implementation of ATUFS during its implementation period from January 13, 2016 to March 31, 2022 has been provided under the revised resolution dated August 2, 2018. In order to promote ease of doing business, promote make in India and increase the employment, government will be providing credit linked Capital Investment Subsidy (CIS) under the ATUFS. The scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as companies which have acknowledgement of Industrial Entrepreneur Memorandum (IEM) with DIPP except MSMEs units which will be as per Ministry of MSME or units registered with the concerned Directorates of the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to Rs. 300 million.

Export Promotion Capital Goods Scheme (“EPCG Scheme”)

To facilitate import of capital goods for producing quality goods and services to enhance India’s export competitiveness. EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers. Also covers a service provide who is designated/ certified as a Common Service Provider (CSP) by the DGFT.

The EPCG Scheme allows import of capital goods for pre-production, production, and post-production at 5% customs duty subject to and export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of license. Capital Goods would be allowed at 0% duty for exports of agricultural products and their value-added variants. However, in respect of EPCG licenses with a duty saved of Rs. 1,000 million or more, the same export obligation shall be required to be fulfilled over a period of 12 years.

National Textile Policy, 2000

The National Textile Policy, 2000 (“*NTP*”) aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The objective is sought to be achieved by liberalising controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. In furtherance of its objectives, the strategic thrust of the NTP is on technological upgradation, enhancement of productivity, quality consciousness, product diversification, maximising employment opportunities, and so on. The NTP also envisages certain sector specific initiatives, including the sector of raw materials, spinning, weaving, power loom, handloom, jute and textile. The Policy also lays down certain delivery mechanisms for the implementation of the policy and to enable the Indian textile industry to realise its full potential and achieve global excellence.

Salient objective of NTP is as follows –

- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Develop a strong multi-fiber base with thrust on product up-gradation and diversification;
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralized sectors of the textile industry; and for this purpose to revitalize the institutional structure;
- Make Information Technology (**IT**), an integral part of the entire value chain of textile;
- Production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing; and
- Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organizations in the fulfilment of these objectives, vide the NTP, the Government has conveyed its commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfil its obligation to different sections of society.

Production-Linked Incentive Scheme in Textiles Products

In November 2020, the Union Cabinet approved the introduction of the Production-Linked Incentive Scheme in Textiles Products to enhance India’s Manufacturing Capabilities as well as Exports. An amount of ₹ 10,683 crore has been approved as an outlay for a period of 5 years. This initiative will be implemented by the Ministry of Textile and is expected to cover forty product categories under man-made fibre.

Legal Metrology Act, 2009 (“LM Act”)

The LM Act has replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weight & Measurement (Enforcement) Act, 1985. It seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure, or number. The LM Act and rules framed thereunder regulate, *inter alia*, the labelling and packaging of commodities, verification of weights and measures used, and lists penalties for offences and compounding of offences under it. The Controller of Legal Metrology Department is the competent authority to grant the licence under the LM Act. Any manufacturer dealing with instruments for weights and measuring of

goods must procure a license from the state department under the LM Act. Any non-compliance or violation under the LM Act may result in, *inter alia*, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Petroleum Act, 1934 (“Petroleum Act”) and Petroleum Rules, 2002

The Petroleum Act was passed to consolidate and amend the laws relating to the import, transport, storage, production, refining and blending of petroleum. Under the Petroleum Rules, 2002, any person intending to store furnace oil/petroleum, of such class and in such quantities, otherwise than under a license shall take the approval of the Chief Controller before commencing storage.

The Boilers Act, 1923 (“Boilers Act”)

The Boilers Act and rules thereof encompass rules and regulations for the safe and proper construction, erection, repair, use and operation of boilers. The Boilers Act also lays down the process for formulation of boiler rules, examination by and appointment of boiler inspectors, provisions for inspection certifications and imposition of penalties for the violations of any provisions of the Boilers Act.

Consumer Protection Act, 2019 (the “Consumer Protection Act”) and the rules made thereunder

The Consumer Protection Act, which repeals the Consumer Protection Act, 1986, was designed and enacted to provide simpler and quicker access to redress consumer grievances. It seeks, *inter alia* to promote and protect the interests of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers, service providers and traders. The definition of “consumer” has been expanded under the Consumer Protection Act to include persons engaged in offline or online transactions through electronic means or by tele-shopping or direct-selling or multi-level marketing. One of the substantial changes introduced by Consumer Protection Act is inclusion of the e-commerce industry under Consumer Protection Act with “e-commerce” defined to refer to the buying and selling of goods or services over digital or electronic network. Therefore, the Consumer Protection Act aims to cover entities that are involved in the process of selling goods or services online. It provides for the establishment of consumer disputes redressal forums and commissions for the purposes of redressal of consumer grievances. In addition to awarding compensation and/or passing corrective orders, the forums and commissions under the Consumer Protection Act, in cases of misleading and false advertisements, are empowered to impose imprisonment for a term which may extend to two years and fine which may extend to ten lakhs. In cases of manufacturing for sale or storing, selling, or distributing or importing products containing an adulterant, the imprisonment may vary between six months to seven years and fine between one lakh to ten lakh depending upon the nature of injury to the consumer.

Goa, Daman and Diu Fire Force Act, 1986

The Goa, Daman and Diu Fire Force Act, 1986 provides for the establishment and maintenance of fire force in the Union territory of Goa, Daman and Diu. The act lays down provisions and framework with respect to the maintenance of fire force, appointment of members of fire force, issue of certificates to members of fire force, powers of government/ director at the site of fire, acquisition of firefighting property, penalties, etc.

Shops and establishments legislations

Under the provisions of local shops and establishments legislations applicable in the states in India where our establishments are set up and business operations exists, such establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments, including commercial establishments, and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of records, maintenance of shops and establishments and other rights and obligations of the employers and employees. These shops and establishments acts, and the relevant rules framed thereunder, also prescribe penalties in the form of monetary fine or imprisonment for violation of provisions, as well as procedures for appeal in relation to such contravention of the provisions.

Indian Contract Act, 1872

Indian Contract Act governs the conditions for validity of contracts formed through electronic means; communication and acceptance of proposals; competency of people to contract, additionally, revocation, and contract formation between consumers, sellers, and intermediaries. The terms of service, privacy policy, and return policies of any online platform are legally binding agreements and often governed by provisions of the Indian Contract Act, 1872. However, the law is not updated yet to deal with electronic contracts, where there is absence of online signatures.

Foreign Trade (Development and Regulation) Act, 1992 (“FTA”) and the Foreign Trade (Regulation) Rules, 1993 and the Foreign Trade Policy, 2015-20

The FTA seeks to increase foreign trade by regulating imports and exports to and from India. It authorizes the government to formulate as well as announce the export and import policy and to keep amending the same on a timely basis. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as in specified cases of foreign trade. The FTA read with the Indian Foreign Trade Policy, 2015-20 (extended till March 31, 2022) provides that no person or company can make exports or imports without having obtained an importer exporter code (“IEC”) number unless such person or company is specifically exempted. An application for an importer exporter code number has to be made to the Office of the Director General of Foreign Trade, Ministry of Commerce (“DGFT”). An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units, and factories. Failure to obtain the IEC number shall attract penalty under the FTA.

Legislations relating to sale of goods

The Sale of Goods Act, 1930 (the “Sale of Goods Act”)

Sale of Goods Act governs contracts relating to sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts i.e. the Indian Contract Act, 1872. A contract for sale of goods has, however, certain peculiar features such as, transfer of ownership of the goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract, conditions and warranties implied under a contract for sale of goods, etc. which are the subject matter of the provision of the Sale of Goods Act.

Environmental Legislations

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (“PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state and in the Centre. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are required to be periodically renewed.

Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)

The Water Act provides for one Central Pollution Control Board, as well as state pollution control boards, to be formed to implement its provisions, including enforcement of standards for factories discharging pollutants into water bodies. The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board (“**State PCB**”). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the “Hazardous Waste Rules”)

The objective of the Hazardous Waste Rules is to control the collection, reception, treatment, and storage of hazardous waste. The Hazardous Waste Rules prescribes for every person who is engaged in generation, treatment, processing, packaging, storage, transportation, use, collection, destruction, conversion, recycling, offering for sale, transfer or the like of hazardous and other wastes to obtain an authorisation from the relevant state pollution control board.

Plastic Waste Management Rules, 2016

Under the Plastic Waste Management Rules, 2016, all institutional generators of plastic waste, are required to inter alia, segregate and store the waste generated by them in accordance with the Solid Waste Management Rules, 2016, and handover segregated wastes to authorized waste processing or disposal facilities or deposition centers, either on its own or through the authorized waste collection agency. The waste generator shall also take steps to minimize generation of plastic waste. The Plastic Waste Management Rules, 2016 also requires the producers, importers and brand owners to collect back the plastic waste generated due to their products.

The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996 (“Chemical Accidents Rules”)

The Chemical Accidents Rules, formulated pursuant to the provisions of the EPA, seek to manage the occurrence of chemical accidents, by inter alia, setting up a central crisis group and a crisis alert system. The functions of the central crisis group inter alia include, (i) conducting

post-accident analysis of major chemical accidents; (ii) rendering infrastructural help in the event of a chemical accident; and (iii) review district off site emergency plans

The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("HCR Rules")

The HCR Rules are formulated under the EPA. The HCR Rules are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and has to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Where a major accident occurs on a site or in a pipeline, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the HCR Rules at least three months before commencing that activity or before such shorter time as the concerned authority may agree.

Laws relating to various Municipal Corporations

The respective state legislatures in India have the power to endow the municipalities with the power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India which included protection of environment. We are subject to various municipal corporations act and regulations as the operation of our establishments might have an impact on the environment in which they are situated.

The Environment (Protection) Act, 1986 ("EPA"), Environment Protection Rules, 1986 (the "EP Rules") and the Environmental Impact Assessment Notification, 2006 ("EIA Notification")

The EP Act has been enacted for the protection and improvement of the environment. EP Act empowers the government to take all measures to protect and improve the quality of environment, such as by laying down standards for emission and discharge of pollutants, providing for restrictions regarding areas where industries may operate and laying down safeguards for handling hazardous substances, amongst others. It is in the form of an umbrella legislation designed to provide a framework for Central Government to coordinate the activities of various central and state authorities established under previous laws. It is also in the form of an enabling law, which delegates wide powers to the executive to enable bureaucrats to frame necessary rules and regulations.

Further, the EP Rules specifies, *inter alia*, the standards for emission or discharge of environmental pollutants, restrictions on the location of industries and restrictions on the handling of hazardous substances in different areas. For contravention of any of the provisions of the EP Act or the rules framed thereunder, the punishment includes either imprisonment or fine or both. Additionally, under the EIA Notification and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

Draft Environment Impact Assessment Notification 2020 ("EIA 2020")

Ministry of Environment, Forest and Climate Change has issued Draft Environment Impact Assessment Notification 2020 ("EIA 2020") which proposes to replace the erstwhile Environment Impact Assessment Notification, 2006. The EIA 2020, inter alia, contemplates two kinds of approvals, being (i) prior environment clearance with the approval of expert committees; and (ii) environmental permission or provision without the approval of expert committees. Certain projects including clay and sand extraction, digging well or foundations of buildings, solar thermal power plants and common effluent treatment plants have been exempted from such approvals.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. They also cannot discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the State Boards. The Central Pollution Control Board and the state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant.

Noise Pollution (Regulation and Control) Rules, 2000 ("Noise Pollution Rules")

The Noise Pollution Rules regulate and control the noise producing and generating sources including from industrial activity and sets ambient air quality standards in respect of noise for different areas/zones. The Noise Pollution Rules provide for penalties in accordance with the EP Act for use of loudspeakers, public address system, among others, in a silence zone or area.

Labour law legislations

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative discussion of labour laws which may be applicable to our Company due to the nature of its business activities:

The Factories Act, 1948 (the "Factories Act")

The Factories Act defines a "factory" to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and, any premises where there are at least twenty workers even though there is no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories.

The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be

punished in accordance with the Factories Act for different offences in case of contravention of any provision thereof and in case of a continuing contravention after conviction, an additional fine for each day of contravention may be levied.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the "EPF Act")

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. In accordance with the provisions of the EPF Act, the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employees shall also be required to make an equal contribution to the fund. The Central Government under Section 5 of the EPF Act framed the Employees Provident Scheme, 1952.

Employees' State Insurance Act, 1948 (the "ESI Act")

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury and includes provisions for certain other matters in relation thereto. The ESI Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided thereunder. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment in which 20 or more persons are employed on any day during an accounting year to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and links the calculation for the payment of bonus payable with production and productivity.

Payment of Gratuity Act, 1972 (the "Gratuity Act")

The Gratuity Act applies, *inter alia* to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months. The Gratuity Act may also apply in case of such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government may notify. A shop or establishment to which the Gratuity Act becomes applicable shall be continued to be governed by it irrespective of the number of persons employed in such shop or establishment falling below ten at any time thereafter. The Gratuity Act provides for gratuity to be payable to an employee on termination of his/her employment after he/she has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five-year period shall be relaxed in case of termination of service due to death or disablement.

The provisions of the Gratuity Act are applicable in consonance with the Payment of Bonus (Amendment) Act, 2015, which increased the wage threshold for determining applicability of

the Act from ₹10,000 to ₹21,000 per month. Additionally, the wage ceiling for calculation of bonus was increased from ₹3,500 to ₹7,000 per month.

Maternity Benefit Act, 1961 (the “Maternity Act”)

The Maternity Act provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The Maternity Act is applicable to every establishment *inter alia* to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the State Government may, with the approval of the Central Government, after giving at least two months’ notice shall apply any of the provisions of the Maternity Act to any specific establishments or class of establishments, industrial, commercial, agricultural or otherwise.

The Maternity Benefit (Amendment) Act, 2017 amended the Maternity Act to provide for increase of paid maternity leave from 12 to 26 weeks, unless the mother has two or more surviving children and introduced a mandatory provision for creche facilities for employers with more than 50 employees.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the “Prevention of Sexual Harassment Act”) and rules thereunder

In order to curb the rise in sexual harassment of women at workplace, the Prevention of Sexual Harassment Act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto.

The terms “sexual harassment” and “workplace” are both defined in the Prevention of Sexual Harassment Act. Every employer should also constitute an “Internal Complaints Committee” and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of females at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, providing necessary facilities to the internal or local committee for dealing with the complaint, and any other procedural requirements to assess the complaints. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 framed under the Prevention of Sexual Harassment Act provides for *inter alia* manner of submission of complaints in relation to sexual harassment, procedure for dealing with the complaints and details to be reflected in the annual report to be prepared by the complaints committee as required under the provisions of the Prevention of Sexual Harassment Act.

Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”)

The CLRA is applicable to every establishment in which twenty or more workmen are employed or were employed on any day of the preceding twelve months as contract labour, and to every contractor who employs or who employed on any day of the preceding twelve months twenty or more workmen. Under the CLRA, a ‘principal employer’ is defined to include (in the case of establishments other than factories, mines, or Government offices/ departments) as any person responsible for the supervision and control of the establishment. The CLRA provides for, *inter alia* registration of establishments employing contract labour, licensing of contractors as well

as circumstances in which such licenses can be revoked, as well as provisions in relation to welfare and health of contract labour. Under the CLRA, if any amenity is not provided by the relevant contractor to the contract labour in accordance with the provisions of the Act, such amenity is required to be provided by the principal employer. The Central Government or the relevant State Government is empowered to frame rules for carrying out the various provisions of the CLRA.

In addition to the aforementioned, the following labour codes have received the assent of the President of India, and will come into force as and when notified in the Gazette, pursuant to which the abovementioned Labour Legislations will be subsumed by the following labour codes:

The Code on Wages, 2019 (the “Wage Code”)

The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The Ministry of Labour and Employment vide notification dated December 18, 2020 notified certain provisions of the Wage Code. The provisions of this code will be brought into force on a date to be notified by the Central Government.

The Occupational Safety, Health and Working Conditions Code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The code proposes to provide for *inter alia* standards for health, safety and working conditions for employees of the establishments. The provisions of this code will be brought into force on a date to be notified by the Central Government.

The Industrial Relations Code, 2020

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

The Code on Social Security, 2020 (“Social Security Code”)

The Social Security Code received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. The new code proposes to set up a National

Social Security Board and State Unorganized Workers Board to administer schemes for unorganized workers. The Social Security Code aims to provide uniformity in providing social security benefits to the employees which was earlier segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employee-employer work arrangements (including in online and digital platforms such as ours), such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits, old age protection, under schemes framed under the Social Security Code from time to time. Further, the Social Security Code provides that such schemes may *inter alia*, be partly funded by contributions from platforms such as ours. The provisions of this code will be brought into force on a date to be notified by the Central Government.

Other Labour law legislations:

In addition to the aforementioned material legislations which are applicable to our Company, some of the other labour legislations that may be applicable to the operations of our Company include:

1. State-wise Labour welfare fund legislations and rules made thereunder;
2. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and the rules made thereunder;
3. Equal Remuneration Act, 1976;
4. Rights of Persons with Disabilities Act, 2016; and
5. Child and Adolescent Labour (Prohibition and Regulation) Act, 1986.

Intellectual Property Laws

Intellectual property in India enjoys protection under both common law and statutes. Under statutes, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. These enactments provide for the protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the domestic laws, India is party to several international intellectual property related instruments including the Patent Cooperation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the Berne Convention for the Protection of Literary and Artistic Works, 1886, the Universal Copyright Convention adopted at Geneva in 1952, the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, 1961, and as a member of the World Trade Organization, India also is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights ("**TRIPS**").

Copyright Act, 1957 and the rules thereunder

The Copyright Act, 1957, along with the Copyright Rules, 1958, (collectively, "**Copyright Laws**") serve to create property rights for certain kinds of intellectual property, generally called works of authorship. The Copyright Laws protect the legal rights of the creator of an 'original work' by preventing others from reproducing the work in any other way. The intellectual property protected under the Copyright Laws includes literary works, dramatic works, musical works, artistic works, cinematography, and sound recordings. The Copyright Laws prescribe fine, imprisonment or both for violations, with enhanced penalty on second or subsequent

convictions. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Upon registration, the copyright protection for a work exists for a period of 60 years following the demise of the author. Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright.

The Patents Act, 1970 (the “Patents Act”)

The Patents Act governs the patent regime in India. Being a signatory to the TRIPS, India is required to recognize product patents as well as process patents. In addition to the broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria.

Section 39 of the Patents Act also prohibits any person resident in India from applying for a patent for an invention outside India without making an application for a patent for the same invention in India. The term of a patent granted under the Patents Act pursuant to Section 53 is for a period of twenty years from the date of filing of the application for the patent. A patent shall cease to have effect if the renewal fee is not paid within the period prescribed for the payment of such renewal fee. Further, the Patents Act also provides for the recognition of product patents in respect of food, medicine and drugs; that import of patented products will not be considered as an infringement; and that under certain circumstances, the burden of proof in case of infringement of process patents may be transferred to the alleged infringer.

The Trademarks Act, 1999 (“Trademarks Act”)

The Trademarks Act provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement. The Trademarks Act also governs the statutory protection of trademarks and also prohibits any registration of deceptively similar trademarks or chemical compounds, among others. Indian law permits the registration of trademarks for both goods and services. It also provides for infringement, falsifying and falsely applying for trademarks. Under the provisions of the Trademarks Act, an application for trademark registration may be made before the Trademark Registry by any person claiming to be the proprietor of a trade mark, whether individual or joint applicants, and can be made on the basis of either actual use or intention to use a trademark in the future. Once granted, a trademark registration is valid for 10 years unless cancelled, subsequent to which, it can be renewed. If not renewed, the mark lapses and the registration is required to be restored. Further, pursuant to the notification of the Trademark (Amendment) Act, 2010 simultaneous protection of trademark in India and other countries has been made available to owners of Indian and foreign trademarks. The Trademark (Amendment) Act, 2010 also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to conform Indian trademark law to international practice.

Design Act, 2000

It is an Act to consolidate and amend the law relating to the protection of designs which came into force on May 11, 2001. Design Act is a complete code in itself and is statutory in nature and protects new or original designs from getting copied which cause loss to the proprietor. The proprietor upon registration gets 'copyrights in design' for the period of 10 years from the date of registration which can be renewed for a second period of five years, before the expiration of original period of 10 years. The controller registers a design under this Act after verifying that the design of any person, claiming to be the proprietor, is the new or original design not previously published anywhere in any country and is not against any public policy or morality. Any obvious or fraudulent imitation of a design, which is already registered, without the consent of its proprietor, is unlawful. It also prohibits the import of any material which closely resembles a registered design.

Foreign Investment and Trade Related Laws

Laws governing foreign investments

Foreign investment in India is governed by the provisions of The Foreign Exchange Management Act, 1999 ("FEMA"), the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules") along with the Consolidated FDI Policy issued by the DPIIT, from time to time. Further, the RBI has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 which regulate the mode of payment and reporting requirements for investments in India by a person resident outside India.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%).

The consolidated Foreign Direct Investment Policy of 2020 (the "Consolidated FDI Policy")

The Department for Promotion of Industry and Internal Trade ("DPIIT"), Ministry of Commerce and Industry on October 28, 2020 issued Consolidated FDI Policy. In terms of the FEMA Rules and the Consolidated FDI Policy, up to 100% foreign investment is currently permitted in a company engaged in manufacturing activities in India (including contract manufacturing in India).

Overseas Direct Investment ("ODI")

In terms of the Master Direction No. 15/2015-16 on "Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary Abroad" issued by the RBI, dated January 1, 2016, an Indian entity is permitted to make ODI under the automatic route up to limits prescribed by the RBI, which currently should not exceed 400% of its net worth as per its last audited balance sheet. ODI can be made by investing in either joint ventures or wholly owned subsidiaries outside India. Any financial commitment exceeding USD one billion (or its equivalent) in a

financial year would require prior approval of the RBI. For making any investment or undertaking any financial commitment in an overseas JV or a WOS, the Indian entity should make an application in Form ODI with the prescribed enclosures and documents with an authorized dealer bank.

Laws relating to taxation

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company include:

- Income Tax Act 1961, the Income Tax Rules, 1962, as amended by the Finance Act in respective years;
- The Customs Act, 1962;
- Central Goods and Service Tax Act, 2017, the Central Goods and Service Tax Rules, 2017 and various state-specific legislations made thereunder;
- The Integrated Goods and Service Tax Act, 2017;
- State-specific legislations in relation to professional tax; and
- Indian Stamp Act, 1899 and various state-specific legislations made thereunder.

BUSINESS OVERVIEW

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Letter of Offer, including the information contained in the section titled 'Risk Factors', beginning on page no.21 of this Draft Letter of Offer.

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the section titled 'Risk Factors' and the chapters titled 'Financial Statement' and 'Management Discussion and Analysis of Financial Conditions and Results of Operations' beginning on page no. 21, 131 and 169 respectively, of this Draft Letter of Offer.

Unless the context otherwise requires, in relation to business operations, in this section of this Draft Letter of Offer, all references to "we", "us", "our" and "our Company" are to VAXFAB Enterprises Limited and Group Entities as the case may be.

Overview

VAXFAB Enterprises Limited (VAXFAB) is based out of Ahmedabad and was initially formed as Ellora Trading Limited on 9th February 1983 at Kolkata under the provision of the Companies Act, 1956 and date of a certificate of commencement of business 16th February, 1984 issued by Registrar of Companies, West Bengal. Subsequently, vide order of Regional Director dated 15th July 2016, the Company has amended MOA for Change of place of registered office from State of West Bengal to State of Gujarat. Further, on 24th August 2022, the Name of the Company is changed from Ellora Trading Limited to Vaxfab Enterprises Limited. The Company is involved in business as manufacturers, exporters, importers, traders, buyers, sellers, dealers and distributors of domestic electrical and audio-visual appliances, like air conditioners, refrigerator, radio, television, electrical fans, electrical fittings, music system including music players, computer operated music system, mixers, grinders, oven, electrical cooking range, flour machinery, cloth, dish washing machines and any other electronic appliances and buying, selling, reselling, importing, exporting, transporting, storing, developing, promoting, marketing or supplying, trading, dealing in any manner whatsoever in all type of goods on retail as well as on wholesale basis in India or elsewhere..

Equity shares of the Company are listed on BSE Limited & The Calcutta Stock Exchange Limited in India.

OUR COMPETITIVE STRENGTHS:

- Experienced Management Team
- Established relationship with various brands, customers and employees
- Diversified but synergistic businesses
- Existing relationship with suppliers
- Well trained and skill manpower
- Quality Assurance and Standards

OUR STRATEGIES:

- Exploring export initiatives
- Expand geographically
- Entering into more tie-ups for procurement

COMPETITION:

With regards to our trading business, much of the market in which we operate is unorganized and fragmented with many small and medium-sized entities. We face substantial competition for our products from other traders / dealers in domestic market. We compete with other traders / dealers on the basis of product range, product quality, and product price including factors, based on reputation, needs, and customer convenience. While these factors are key parameters in client's decisions matrix in purchasing goods; product range, product quality and product price is often the deciding

factor in most deals. With regards to our service business like providing warehousing, carrying and forwarding agency, packaging, manpower solutions; we mainly compete with other domestic players within and out of Gujarat.

Approach to marketing and marketing set-up:

The efficiency of the marketing and sales network is critical success of our Company. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our Management Team through his vast experience and good rapport with clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, we regularly interact with them and focus on gaining an insight into their other additional needs and requirements. We are located in Ahmedabad, which has its location advantage due to proximity to other cities across Gujarat. We take continuous efforts by way of market survey, conducting training programs for marketing staff, designing various discount schemes, conducting various events to target the market. Our company is also benefited by the marketing support of the brands viz. advertisements, posters, images, catalogues etc provided by the companies for which we are retailing.

OUR MANAGEMENT

Board of Directors

The Articles of Association require our Board to have at least 3 (Three) Directors and not more than 15 (Fifteen) Directors. Our Board presently comprises of 4 (Four) directors, which consists of 1 (One) Executive Director, 1 (One) Non – Executive and Non - Independent Directors and 2 (Two) Non – Executive and Independent Directors. Our Chairman is an Executive Director.

The following table sets forth details regarding the Board of Directors of our Company as of the date of filing the Draft Letter of Offer:

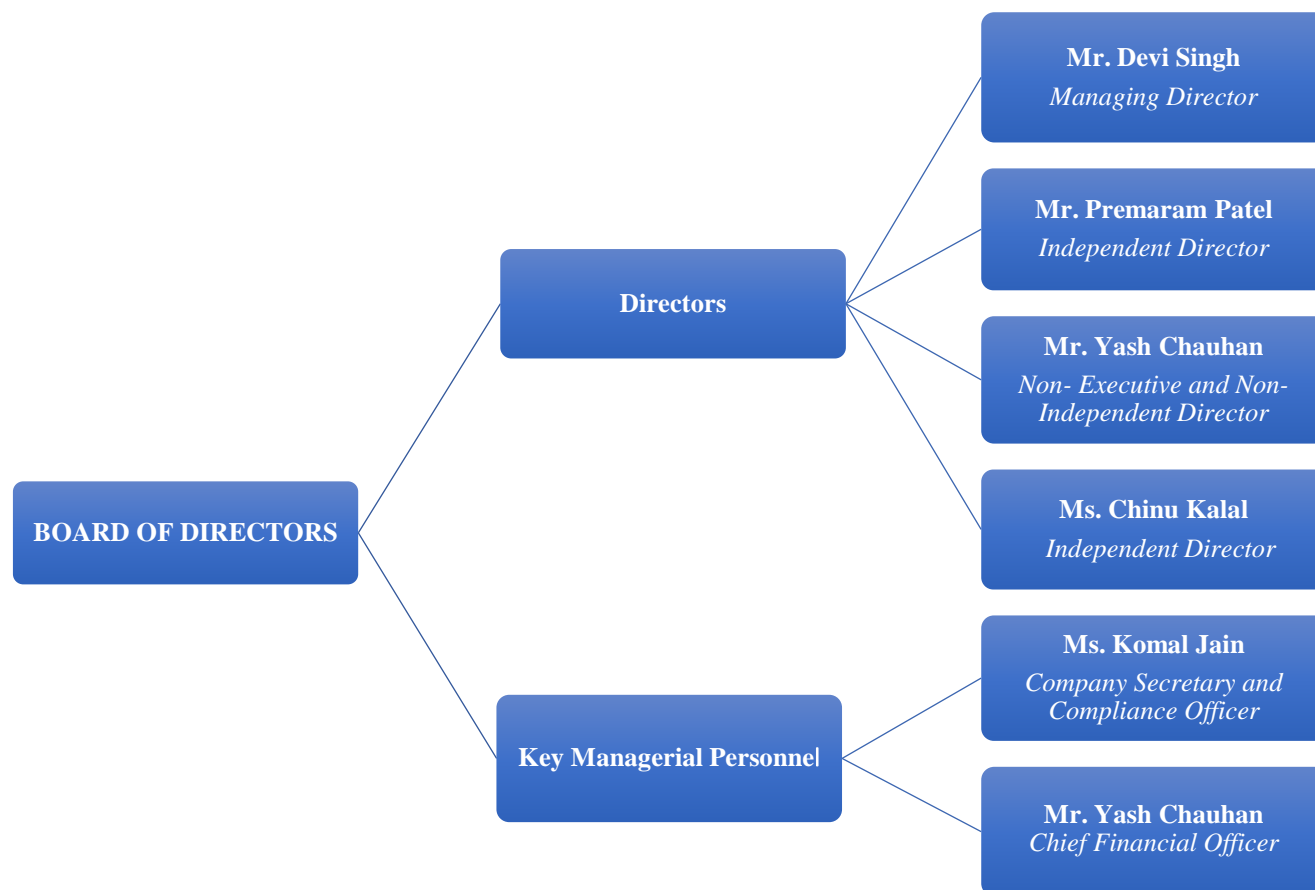
Sr. No.	Particulars (Name, Designation, Address, Age, Occupation, Nationality, Term etc.)	Date of Appointment	DIN	Other Directorships
1.	Mr. Devi Singh S/o. Bheru Singh DOB: 20/08/1994 (28 years) Address: 57, Lala Bapa Nagar Society, Near Gayatri Ashram, Near Water Tank, Odhav, Ahmedabad – 382 415 Nationality: Indian Occupation: Business Designation: Managing Director and Chairman Term: Appointed for 5 years w.e.f. 04/05/2022 to 03/05/2027	17/03/2022	09528536	-
2.	Mr. Premaram Jaitaram Patel S/o. Jaitaram Gokulram Patel DOB: 27/03/1991 (31 years) Address: 1, Dharmasadan Park, Behind Nigam Society, Ghodasar, Ahmedabad – 380 050 Nationality: Indian Occupation: Service Designation: Non – Executive and Independent Director Term: Appointed for 5 years w.e.f. 17/03/2022 to 16/03/2027	17/03/2022	09324872	1. Stitched Textiles Limited 2. Patron Exim Private Limited
3.	Ms. Chinu Kalal D/o. Babu Lal Kalal DOB: 03/02/1994 (28 years) Address: Swagat Vatika Road, Banjariya, Kherwara, Udaipur – 313 803 Nationality: Indian Occupation: Service Designation: Non – Executive and Independent Director Term: Upto the conclusion of Annual General Meeting	17/10/2022	09568622	1. SVS Ventures Limited 2. Dipna Pharmachem Limited

4.	Mr. Yash Chauhan S/o. Kalusinh Chauhan DOB: 29/09/1995 (27 years) Address: B/1, Ghatlodiya Police Line, Ghatlodiya, Chanakiyapuri Over Bridge Pase, Ahmedabad – 380 061 Nationality: Indian Occupation: Service Designation: Non – Executive and Non- Independent Director Term: Upto the conclusion of Annual General Meeting	17/10/2022	09754778	1. Hearmo Tech Private Limited
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Family Relationship between our Directors

None of the directors of our Company have family relationship with each other.

ORGANIZATIONAL STRUCTURE



Details of Key Management Personnel

Except our Managing Director, following are the Key Managerial Personnel:

Sr. No.	Name, designation and date of appointment
1.	Ms. Komal Jain Designation: Company Secretary and Compliance Officer Date of appointment: 14/08/2021
2.	Mr. Yash Chauhan Designation: Chief Financial Officer Date of appointment: 17/10/2022

Confirmations

- None of our Directors / Manager is or was a Director of any Listed Company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on BSE / NSE within a period of 5 (five) years immediately preceding the date of this Letter of Offer.
- Further, none of our Directors of the Company are or were associated in the capacity of a director with any Listed Company which has been delisted from any stock exchange(s) in the last 10 years immediately preceding the date of filing of this Draft Letter of Offer.
- None of our Directors is or was a director of any Listed Company which has been or was delisted from any stock exchange during the term of their directorship in such Company.
- None of the Directors of our Company has been declared as a wilful defaulter, as defined by the SEBI ICDR Regulations. There are no violations of securities laws committed by our Directors in the past and no such proceedings are pending against them.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page [●] Number
1	The limited review report and unaudited Financial Results for the Quarter ended on 30 th June, 2022	132
2	The Statutory Auditor's Report and the Audited Financial Statements for the period ended 31 st March, 2022.	134

Material changes and commitments, if any, affecting our financial position

There are no material changes and commitments, which are likely to affect our financial position since March 31, 2022 till date of this Draft Letter of Offer. We have not given Restated Financials because we fall under Part B of SEBI (ICDR), 2018.

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ELLORA TRADING LIMITED

REGD. OFFICE :911, Addor Aspire, Addor Aspire, Nr. Jahanvee Rd. University to Panjrapole Rd. Ahmedabad Ahmedabad GJ 380015

CIN: L51909GJ1983PLC0193146

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2022

(Rs. In Lacs except for earning per share data)

Sr. No.	Particulars	3 months ended			Account Year Ended	Account Year Ended
		30.06.2022	31.03.2022	30.06.2021	31.3.2022	31.03.2021
		Un-Audited	Un-Audited	Un-Audited	Audited	Audited
1	Revenue from Operations	13.40	27.26	-	27.26	113.71
2	Other Income	-	2.15	-	10.06	6.62
3	Total Revenue (1+2)	13.40	29.41	-	37.32	120.33
4	Expenses					
	a. Cost of material consumed		-	-	-	-
	b. Purchase of stock-in-trade	8.89	5.31	11.00	16.31	50.02
	c. Change in inventories of finished goods, work-in-process and stock-in-trade	-	-	(11.00)	-	29.85
	d. Employees benefits expense	0.21	2.41	2.02	5.24	8.96
	e. Finance costs	3.79	-	-	0.03	0.01
	f. Depreciation and amortisation expense	0.22	0.29	-	0.89	0.89
	g. Power and Fuel	-	-	-	-	-
	h. Other Expenses	0.04	10.77	1.25	14.52	31.84
	Total Expenses	13.15	18.78	3.27	36.99	121.57
5	Profit before Exceptional Items and Extraordinary Items and Tax (3-4)	0.25	10.63	(3.27)	0.33	(1.24)
6	Exceptional items	-	-	-	-	-
7	Profit Before Tax (5-6)	0.25	10.63	(3.27)	0.33	(1.24)
	Current Tax	0.07	0.09	(0.82)	0.09	-
	Deferred Tax	-	-	-	-	-
8	Total Tax Expenses	0.07	0.09	(0.82)	0.09	-
9	Profit for the period from Continuing Operation (7-8)	0.19	10.54	(2.45)	0.24	(1.24)
14	Profit for the period (9-12)	0.19	10.54	(2.45)	0.24	(1.24)
15	Other comprehensive income net of taxes	-	-	-	-	-
16	Total comprehensive income net of taxes (14+15)	0.19	10.54	(2.45)	0.24	(1.24)
17	Details of equity share capital					
	Paid-up equity share capital	120.00	120.00	120.00	120.00	120.00
	Other Equity	-	-	-	166.36	166.11
	Face value of equity share capital	10.00	10.00	10.00	10.00	10.00
18	Earnings Per Share (EPS)					
	a) Basic	0.02	0.88	(0.20)	0.02	(0.10)
	b) Diluted	0.02	0.88	(0.20)	0.02	(0.10)

Notes:

1	The above Un-Audited financial statement for quarter ended June, 2022 has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 10th August 2022 and Statutory Auditors of the Company have carried out Limited Review audit of the same.
2	The financial results have been prepared in accordance with India Accounting Standards (Ind AS) prescribed under Companies (Indian Accounting Standards) Rules, 2015. These financial results have been prepared in accordance with the recognition and other accounting principles accepted in India.
3	IND AS 108 relating to segment wise reporting is Not Applicable as the Company operates in one primary segment i.e Trading

Place: AHMEDABAD

Date: 10.08.2022

For, ELLORA TRADING LIMITED
DEVI SINGH Digitally signed by DEVI SINGH
 Date: 2022.08.10 16:10:39 +05'30'
DEV SINGH
MANAGING DIRECTOR
DIN: 09528536



Head Office :- Office No. 215, 2nd Floor, Gundecha Ind. Estate, Akurli Road, Kandivali (E), Mumbai - 400 101.
Tel : +91 22-67337024 / +91 22-67337025 | E-mail : ssrvandassociates@gmail.com

LIMITED REVIEW REPORT OF ELLORA TRADING LIMITED

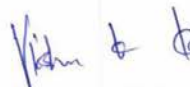
Review Report to
To,
The Board of Directors,
Ellora Trading Limited

We have reviewed the accompanying statement of unaudited financial results of Ellora Trading Limited for the quarter ended 30th June, 2022. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For SSRV & Associates,
Chartered Accountants
FRN: 135901W



Vishnu Kant Kabra
Partner
M. No. 403437
Place: Mumbai
Date: 10th August, 2022



UDIN:- 22403437A0SEDX9028

INDEPENDENT AUDITOR'S REPORT

To the Member of ELLORA TRADING LIMITED

Report on the Audit of the Financial Statements

Auditor's Opinion

We have audited the accompanying financial statements of **Ellora Trading Limited** ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and Profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report and Annexure to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's Responsibility for the Financial Statement

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 & 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended

In our opinion and to the best of our information and according to the explanations given to us, the company is not a Public Company, hence provisions of section 197 of the Act is not applicable to the company.

- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No 27 to the financial statement.
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. There were no amounts which were required to be transferred to the investor’s education and protection fund by the company.
 - IV. (i) The Management has represented that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (ii) the management has represented, that, to the best of their knowledge and belief, no funds have been received by the company from any person(s) or entity (ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (iii) Based on such audit procedures, nothing has come to our notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

V. The Company has not declared any dividend during the year.

For V S S B & Associates
Firm's Reg. No-: 121356W
Chartered Accountants

Place: Ahmedabad
Date: 21/04/2022

Vishves A Shah
Partner
Membership No-109944
UDIN: 22109944AHPDXX4823

ANNEXURE A

Ellora Trading Limited

Annexure to Independent Auditors' Report for the year ended 31st March, 2022 (Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

Based on the Audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of accounts and other records examined by us in the normal course of audit, we report that:

(i) Property, Plant & Equipment & Intangible Asstes

(a)

(A) The Company has maintained proper records showing full particulars including quantitative details and situtation of Property, Plant and Equipement.

(B) The Company has maintained proper records showing full particulars, of Intangible Assets.

(b) The Company has a program of physical verification to cover all the items of Property, Plant & Equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant & Equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the Company except as below:-

(d) The company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.

(e) No proceeding have been initiated nor pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act,1988 (45 of 1988) and rules made thereunder.

(ii) Inventories

a) The inventories were physically verified during the year by the Management at reasonable intervals. The coverage and procedure of such verification by the management is appropriate having regard to the size of the company and nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on physical verification of inventories when compared with books of account.

b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors / other receivables, and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

(iii) Loans given

a) The Company has granted loans to a Company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

- b) As per the schedule of repayment of principal and interest stipulated for the loan granted as mentioned in clause (a) above, there were no instalment of loan and interest due during the year.
 - c) Read with our comments in clause (b) above, there are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) Compliance of Sec. 185 & 186**

The Company has complied with the provisions of section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities.
- (v) Public Deposit**

The Company has not accepted deposits or amounts which are deemed to be deposits, during the year. Accordingly reporting under paragraph 3 clause (v) of the order does not arise.
- (vi) Cost Records**

The Company is Maintaining the Cost Records as specified by the central Government under sub-section (1) of section 148 of the companies Act in respect of service carried out by the company. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost records and audit) 2014, as amended prescribed by the central government under sub-section (1) of section 148 of the companies Act, 2013 and are of the opinion that, prime facie, the prescribed cost records have been made and maintained. We have, however not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.
- (vii) Statutory Dues**
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There are no undisputed statutory dues outstanding for more than six months as on March 31, 2022.
 - b) There are no dues with respect to Income Tax, Sales Tax, Service Tax, Value Added Tax, GST, Customs Duty, Excise Duty which have not been deposited on account of any dispute as on 31st March 2022.
- (viii)** There are no transactions / previously unrecorded income which are required to be recorded in the books of accounts have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) Application & Repayment of Loans & Borrowings:**

The company has not taken any loans or borrowings from any lender. Accordingly, reporting under paragraph 3 clause (ix)(a), (b), (c), (d), (e), (f) of the order does not arise.
- (x) Application of funds raised through Public Offer:**
 - (a) During the year, company has not raised any funds through Initial Public Offer or Further Public Offer (including debt instruments). Accordingly, reporting under paragraph 3 clause (xa) of the order does not arise.

In our opinion and according to information & explanations given to us, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore paragraph 3 (xiv) of the order is not applicable to the company.
- (xi) Fraud**

To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the year.

- (xii) In our opinion and according to the information & explanation given to us, the company is not a Nidhi Company. Therefore paragraph 3 (xii) of the order is not applicable to the company.
- (xiii) As per the information and explanations given by the management, all the transactions with the related parties are in compliance with section 188 of Companies Act, 2013 and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

However requirements of section 177 of the Companies Act, 2013 are not applicable to the company.

(xiv) Internal Audit

- a. The company has an internal audit system commensurate with the size and nature of its business.
- b. We have considered the internal audit reports of the company issued till date, for the period under audit.

- (xv) As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Therefore paragraph 3 (xv) of the order is not applicable to the company.

(xvi) Registration u/s 45-IA of RBI Act

- a. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b. The Company has not conducted any non banking financial or husing finance activities Accordinlgy, the provisions of the paragraph 3 clause (xvi)(b) of the Order does not arise.
- c. The Company is not engaged in the business which attracts requirement of registrations as a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d. The Group does not have any CIC as part of the group, Accordinlgy, reporting under paragraph 3 clause (xvi)(d) of the Order does not arise.

- (xvii) The company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year. Accordinlgy, reporting under paragraph of the clause 3 (xviii) of the Order does not arise.

- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, Our knowledge of the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) Corporate Social Responsibility

- a) The company does not have any liability in respect of other than ongoing projects, accordingly reporting under paragraph 3 clause (xx)(a) of the order does not arise.

- (xxi) The Company does not have any Holding \ Subsidiary \ Associate or Joint Venture Company. Accordingly, reporting under provisions 3 clause (xxi) of the Order is not applicable.

For V S S B & Associates
Firm's Reg. No-: 121356W
Chartered Accountants

Place: Ahmedabad
Date: 21/04/2022

Vishves A Shah
Partner
Membership No-109944
UDIN: 22109944AHPDXX4823

ANNEXURE B

THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS ELLORA TRADING LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Ellora Trading Limited ("the Company") as of 31 March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, "the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over financial reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or

timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2022, based on, “the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For V S S B & Associates
Firm's Reg. No:- 121356W
Chartered Accountants

Place: Ahmedabad
Date: 21/04/2022

Vishves A Shah
Partner
Membership No-109944
UDIN: 22109944AHPDXX4823

Particulars	Notes	As at March 31 2022	As at March 31 2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	5	7.57	8.46
Financial Assets			
Investments	6	12.00	12.00
Loans	7	108.34	130.61
		127.91	151.07
Current assets			
Inventories	9	15.50	15.50
Financial assets			
Trade Receivables	10	80.54	143.85
Cash and Cash Equivalents	11	2.36	0.13
Loans	7	88.00	10.00
Current Tax Assets (net)	12	0.28	-
Other Current Assets	8	0.76	0.67
		187.44	170.15
Total Assets		315.35	321.22
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	13	146.00	146.00
Other Equity	14	166.35	166.11
		312.35	312.11
Liabilities			
Non-current Liabilities			
Deferred Tax Liabilities (Net)		0.02	0.02
		0.02	0.02
Current liabilities			
Financial Liabilities			
Borrowings	15	2.48	6.98
Other Current liabilities		-	-
Provisions	16	0.48	2.11
Current Tax Liabilities (Net)			-
		2.96	9.09
Total Equity and Liabilities		315.34	321.22

The accompanying notes are an integral part of the financial statements.

For , V S S B & Associates
Chartered Accountants
Firm Registration No. 121356W

Vishves A Shah
Partner
Membership No: 109944

Place : Ahmedabad
Date : 21st April 2022
UDIN:22109944AHPDXX4823

For and on behalf of the Board
Ellora trading Limited

Director
Director
Company Secretary

Place : Ahmedabad
Date : 21st April 2022

Standalone Statement of Profit and Loss for the year ended March 31 2022

(₹ In Lakhs)

Particulars	Notes	March 31 2022	March 31 2021
INCOME			
Revenue from Operations	17	27.26	113.71
Other Income	18	10.06	6.62
Total Income		37.32	120.33
EXPENSES			
Purchase of stock in trade	19	16.31	50.02
Changes in inventories	19A	-	29.85
Employee benefits expense	20	5.24	8.96
Finance Cost	21	0.03	0.01
Depreciation and Amortization	22	0.89	0.89
Other Expenses	23	14.52	31.84
Total Expenses		36.99	121.57
Profit before exceptional items and tax		0.33	1.24
Exceptional Items		-	-
Profit Before Tax		0.33	1.24
Current tax		0.09	-
Adjustment of earlier years			-
Deferred tax			-
Total tax expense:		0.09	-
Profit for the year from continuing operations		0.24	1.24

Earning per Equity Share

24

Basic & Diluted (In `)

0.02 -

0.10

Face Value (In `)

10.00

10.00

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For, V S S B & Associates

Chartered Accountants

Firm Registration No. 121356W

For and on behalf of the Board

Ellora trading Limited

Vishves A Shah

Partner

Membership No: 109944

Director

Director

Company Secretary

Place : Ahmedabad

Date : 21st April 2022

UDIN:22109944AHPDXX4823

Place : Ahmedabad

Date : 21st April 2022

Particulars		As At	As At
		March 31 2022	March 31 2021
A. Cash flow from Operating Activities			
Net Profit before Tax as per Statement of Profit & Loss		0.24	1.24
Adjustments for			
Depreciation and amortisation		0.89	0.89
Operating profit before working capital changes		1.13	0.35
Adjustments for			
(Increase) / Decrease in Inventories		-	29.85
(Increase) / Decrease in Trade receivables		63.31	117.37
(Increase) / Decrease in Other Non current financial assets		-	-
(Increase) / Decrease in short term loan and advances		-	5.98
Other Current Assets		0.37	0.10
Trade and others Payables		1.61	27.64
Cash generated from operations		15.54	121.39
Direct taxes Refund / (Paid)		-	-
Net Cash from / (used in) Operating Activities	[A]	15.54	121.39
B. Cash flow from Investing Activities			
Investment		-	77.00
Net Cash from / (used in) Investing Activities	[B]	-	77.00
C. Cash flow from financing activities			
Borrowings (Net)		4.50	6.98
Non Current Assets		-	26.25
Increase in Long Term Advances		22.27	11.14
Net cash from / (used in) Financing Activities	[C]	17.77	44.37
Net Increase / (Decrease) in cash & cash equivalents	[A+B+C]	2.23	0.02
Opening balance of Cash and cash equivalents		0.13	0.15
Closing balance of Cash and cash equivalents		2.36	0.13

Explanatory Notes to Cash Flow Statement

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.
- In Part A of the Cash Flow Statements, figures in brackets indicates deductions made from the net profit for deriving the cash flow from operating activities. In part B & part C, figures in brackets indicates cash outflows.
- Figures of the previous year have been regrouped wherever necessary, to confirm to current years presentation.

As per our attached report of even date

For, V S S B & Associates
Chartered Accountants
Firm Registration No. 121356W

For and on behalf of the Board
Ellora trading Limited

Vishves A Shah
Partner
Membership No: 109944

Director

Director

Company Secretary

Place : Ahmedabad
Date : 21st April 2022
UDIN:22109944AHPDXX4823

Place : Ahmedabad
Date : 21st April 2022

Ellora trading Limited
Standalone Statement of changes in Equity for the year ended March 31 2022

A. Equity share capital

As at April 1, 2020	1,200,000
Changes during the year 2021 - 2022	-
As at March 31, 2021	1,200,000
Changes during the year 2021 - 2022	-
As at March 31, 2022	1,200,000

B. Other equity

(` In Lakhs)

Particulars	Reserves and Surplus		Total equity
	Securities Premium	Retained Earnings	
As at April 1, 2020	138.00	29.33	167.33
Profit for the year	-	1.22	1.22
Dividend paid (including dividend distribution tax)	-	-	0.00
Balance as at March 31, 2021	138.00	28.11	166.11
Balance as at April 1, 2021	138.00	28.11	166.11
Profit for the year	-	0.24	0.24
Balance as at March 31, 2022	138.00	28.35	166.35

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For , V S S B & Associates
Chartered Accountants
Firm Registration No. 121356W

For and on behalf of the Board
Ellora trading Limited

Vishves A Shah
Partner
Membership No: 109944

Director Director

Company Secretary

Place : Ahmedabad
Date : 21st April 2022
UDIN:22109944AHPDXX4823

Place : Ahmedabad
Date : 21st April 2022

Ellora trading Limited
Notes to the Financial Statements

Note 1: Corporate Information

Ellora Trading Limited (the company) is a company engaged in trading business of agri commodities . The registered office of the Company is located at Ahmedabad.

The standalone Ind AS financial statements for the year ended March 31, 2022 were authorized for issue in accordance with resolution passed by the Board of Directors of the company on 21st April 2022.

Note 2: Basis of Preparation & Compliance with Ind AS

The financial statements of the Company as at and for the year ended March 31, 2022 has been prepared in accordance with Indian Accounting standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') and the Companies (Indian Accounting Standards) Rules issued from time to time and other relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

2.1 Basis of Measurement

The Standalone Ind AS financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

a) Financial instruments (assets / liabilities) classified as Fair Value through profit or loss or Fair Value through Other Comprehensive Income are measured at Fair Value.

b) The defined benefit asset / liability is recognized as the present value of defined benefit obligation less fair value of plan assets.

c) Assets held for sale measured at fair value less cost to sales

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

* Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

* Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

* Level 3 inputs are unobservable inputs for the assets or liability.

2.2 Functional and Presentation Currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian Rupee is the functional currency of the Company.

The standalone financial statements are presented in Indian Rupees (₹) which is the company's presentation currency, and all the values are rounded to the nearest millions except when otherwise stated.

2.3 Current and non-Current classification:

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current if it satisfies any of the following criteria:

- a) It is expected to be realized or intended to be sold or consumed in the Company's normal operating cycle,
- b) It is held primarily for the purpose of trading,
- c) It is expected to be realized within twelve months after the reporting period, or
- d) It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

An liability is classified as current if it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Note 3: Critical and Significant accounting judgments, estimates and assumptions

The preparation of standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of standalone financial statements, income and expense during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the periods in which the estimates are revised and in future periods which are affected.

In the process of applying the Company's accounting policies, management has made the following judgments and estimates, which have the most significant effect on the amounts recognised in the standalone financial statements.

3.1 Impairment of investments in subsidiaries

The Management reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

3.2 Useful lives of property, plant and equipment

The Management reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods. As at March 31, 2022 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

3.3 Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3.4 Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

3.5 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

3.6 Allowance for uncollectible trade receivables

Trade receivables, predominantly from Government schemes/insurance companies and corporates which enjoy high credit ratings are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Individual trade receivables are written off when management deems it not to be collectible.

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix considering the nature of receivables and the risk characteristics. The provision matrix takes into accounts historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the day of the receivables are due and the rates as given in the provision matrix.

3.7 Impairment of Property, Plant & Equipment

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss which is material in nature is accounted for.

3.8 Litigations

The provision is recognized based on the best estimate of the amount desirable to settle the present obligation arising at the reporting period and of the income is recognized in the cases involving high degree of certainty as to realization.

Ellora trading Limited
Notes to the Financial Statements

Note 4: Significant Accounting Policies

The Company has applied the following accounting policies to all periods presented in the financial statements.

4.1 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

(a) Financial Assets

Financial Assets comprises of investments in equity instruments, trade receivables, cash and cash equivalents and other financial assets.

Initial Recognition:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit or Loss, transaction costs that are attributable to the acquisition of financial assets. Purchases or sales of financial assets that requires delivery of assets within a period of time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company committed to purchase or sell the asset.

Subsequent Measurement:

(i) Financial assets measured at amortized Cost:

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and where contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI):

Financial Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair Value movements in financial assets at FVTOCI are recognized in Other Comprehensive Income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as FVTOCI. The classification is made on initial recognition and is irrevocable. Fair Value changes on equity instruments at FVTOCI, excluding dividends are recognized in Other Comprehensive Income (OCI).

(iii) Fair Value through Profit or Loss (FVTPL):

Financial Assets are measured at FVTPL if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Statement of Profit and Loss.

De-recognition of Financial Assets:

Financial Assets are derecognized when the contractual rights to cash flows from the financial assets expire or the financial asset is transferred and the transfer qualifies for de-recognition. On de-recognition of the financial assets in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the Statement of Profit and Loss.

(b) Financial Liabilities

Initial Recognition and Measurement

Financial Liabilities are initially recognized at fair value plus any transaction costs, (if any) which are attributable to acquisition of the financial liabilities.

Subsequent Measurement:

Financial Liabilities are classified for subsequent measurement into following categories:

(i) Financial liabilities at Amortized Cost:

The Company is classifying the following under amortized cost:

- Borrowing from Banks
- Borrowing from Others
- Trade Payables
- Other Financial Liabilities

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus cumulative amortization using the effective interest method of any differences between the initial amount and maturity amount.

(ii) Financial liabilities at Fair Value through Profit or Loss:

Financial liabilities held for trading are measured at Fair Value through Profit or Loss

De-recognition of Financial Liabilities:

Financial liabilities shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(c) Offsetting of Financial assets and Financial Liabilities

Financial assets and Financial Liabilities are offset and the net amount is presented in Balance Sheet when, and only when, the Company has legal right to offset the recognized amounts and intends either to settle on the net basis or to realize the assets and liabilities simultaneously.

(d) Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorized as equity instruments at FVTOCI, and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines the change in a business model as a result of external or internal changes which are significant to the Company's Operations. A Change in business occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively effective from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

4.2 Share Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from equity, net of any tax effects.

4.3 Property, Plant and Equipment

Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Properties in the course of construction for supply of services or administrative purpose are carried at cost, less any recognised impairment loss. Cost includes professional fees and other directly attributable cost and for qualifying assets, borrowing cost capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of Property Plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives as prescribed under Part C of Schedule II to the Companies Act 2013, using the straight-line method method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Leasehold land with lease term of 99 years or more and renewable with mutual consent are considered as finance leases with perpetual lease term and the same are not amortized with effect from 1st April, 2016.

Estimated useful lives of the assets are as follows:

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised net within "other income / other expenses" in the Statement of profit and loss.

4.4 Intangible assets

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Goodwill generated on business combination is tested for impairment.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is de-recognised.

Useful lives of intangible assets

Not Applicable

4.5 Inventories

Inventories of all XXXXX and dealt with by the Company are measured at the lower of weighted average cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT/GST wherever applicable.

Materials and consumables and general stores are charged to the Statement of Profit and Loss as and when they are procured and stock of such items at the end of the year is valued at cost.

4.6 Impairment

(a) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

(b) Non-financial assets

Tangible and Intangible assets

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

4.7 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rates that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

4.8 Revenue Recognition

(a) Rendering of Services

Other services fee is recognized on basis of the services rendered and as per the terms of the agreement.

(b) Sale of Goods

Sales are recognised when the significant risks and rewards of ownership and control is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates granted upon purchase and are stated net of returns and discounts wherever applicable. Sales are adjusted for Value Added Tax/GST wherever applicable.

(c) Dividend and Interest Income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.9 Leases

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and finance cost portion of lease payments have been classified as financing cash flows.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income over the lease term on a straight-line basis.

4.10 Foreign Currency Translation

The functional currency of the Company is the Indian Rupee (₹)

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise except for:

- (i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- (ii) exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2016), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

4.11 Borrowing Costs

Borrowing costs include

- a) interest expense calculated using the effective interest rate method,
- b) finance charges in respect of finance leases, and
- c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

4.12 Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in statement of profit and loss in the period in which they become receivable.

4.13 Employee benefits

(a) Short-term obligations

Liabilities for salaries, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

The Company operates the following post-employment schemes: a) defined contribution plans - provident fund b) defined benefit plans - gratuity plans

(i) Defined contribution plans

The Company has defined contribution plan for the post-employment benefits namely Provident Fund, Employees Death Linked Insurance and Employee State Insurance and the contributions towards such funds and schemes are recognised as employee benefits expense and charged to the Statement of Profit and Loss when they are due. The Company does not carry any further obligations with respect to this, apart from contributions made on a monthly basis.

(ii) Defined benefit plans

The Company has defined benefit plan, namely gratuity for eligible employees in accordance with the Payment of Gratuity Act, 1972 the liability for which is determined on the basis of an actuarial valuation (using the Projected Unit Credit method) at the end of each year.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the tenor of the related obligation. The liability or asset recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of profit and loss in the line item 'Employee benefits expense'.

Remeasurement's of the net defined liability, comprising of actuarial gains and losses, return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and any change in the effect of asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement's are not reclassified to profit or loss in subsequent periods.

Change in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(c) Compensated Absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4.14 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

No DTA is recognized for goodwill arising on business combination.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.15 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

- a) fair values of the assets transferred;
- b) liabilities incurred to the former owners of the acquired business;
- c) equity interests issued by the Company; and
- d) fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

4.16 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

4.18 Fair Value Measurement

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing an asset or a liability acting in their best economic interest. The Company used valuation techniques, which were appropriate in circumstances and for which sufficient data were available considering the expected loss/ profit in case of financial assets or liabilities.

4.19 Cash and cash equivalent

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4.20 Segment Reporting

Identification of segments: Segments are identified in line with Ind AS - 108 "Operating Segments", taking into consideration the internal organization and management structure as well as the differential risk and returns of the segment.

The Company is mainly engaged in the business of trading which constitute a single business segment. These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.

Segment Policies: The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

4.21 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

4.22 Investment in Subsidiaries

(i) Initial recognition

The acquired investment in subsidiaries are measured at fair value as on the date of acquisition

(ii) Subsequent measurement

Investment in equity shares of subsidiaries are accounted either;

- (a) at cost, or
- (b) in accordance with IND AS 109, financial instruments

The Company has elected to account its subsidiaries at cost less accumulated impairment losses, if any.

Note 5 : Property, Plant and Equipment
Note 5.1 : As at March 31, 2022

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net carrying Amount
	As at April 1, 2021	Additions/Amount of change due to revaluation**	Deduction / Adjustments	As at March 31, 2022	As at April 1, 2021	For the year	Deduction / Adjustments due to Revaluation	As at March 31, 2022	As at March 31, 2022
Owned Assets									
Furnitures and Fixtures	12.01	-	-	12.01	3.55	0.89	-	4.44	7.57
Total	12.01	-	-	12.01	3.55	0.89	-	4.44	7.57
CWIP									-

Note 5.2 : As at March 31, 2021

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net carrying Amount
	As at April 1, 2020	Additions/Amount of change due to revaluation*	Deduction / Adjustments	As at March 31, 2021	As at April 1, 2020	For the year	Deduction / Adjustments due to Revaluation	As at March 31, 2021	As at March 31, 2021
Owned Assets									
Furnitures and Fixtures	12.01	-	-	12.01	2.66	0.89	-	3.55	8.46
Total	12.01	-	-	12.01	2.66	0.89	-	3.55	8.46
CWIP									

Note 6 : Investments

Particulars	As at March 31 2022	As at March 31 2021
Non current		
Other Investments	12.00	12.00
Total (A)	12.00	12.00

Note 7 : Loans

(` In Lakhs)

Particulars	As at March 31 2022	As at March 31 2021
Non-Current		
To Other		
(a) Loan Considered good	108.34	130.61
	108.34	130.61
Less: Allowance for doubtful debts (including ECL)	-	-
	108.34	130.61
Current		
To Other		
(a) Considered good	88.00	10.00
Less: Allowance for doubtful debts (including ECL)	-	-
	88.00	10.00

Note 8 : Other Non - current / Current Assets

Current		
Balance with Govt Authority	0.76	0.67
Total:	0.76	0.67

Ellora trading Limited
Notes to the Financial Statements

Ellora trading Limited
Notes to the Financial Statements

Note 9 : Inventories (In Lakhs)

Particulars	As at March 31 2022	As at March 31 2021
Stock in trade	15.50	15.50
Total:	15.50	15.50

Note 10 : Trade Receivables

Particulars	As at March 31 2022	As at March 31 2021
Unsecured		
(a) Considered good	80.54	143.85
	80.54	143.85
Less: Allowance for doubtful debts (including ECL)	-	-
Total:	80.54	143.85

Particulars	Outstanding as on 31st March 2022 for	
	Less than 6 months	6 months-1 Years
Undisputed Trade Receivable-Considered good	80.54	-

Particulars	Outstanding as on 31st March 2021 for	
	Less than 6 months	6 months-1 Years
Undisputed Trade Receivable-Considered good	143.85	-

Ellora trading Limited
Notes to the Financial Statements

Note 11 : Cash and cash equivalents

(` In Lakhs)

Particulars	As at March 31 2022	As at March 31 2021
Balance with Bank		
In Current accounts	0.54	0.12
Cash on hand	1.83	0.01
Total cash and cash equivalents	2.36	0.13

Note 12 :Current Tax (Net)

Particulars	-	-
Provision for income tax	-	0.08
Less: Advance tax paid	0.37	-
	0.28	-

(` In Lakhs)

Note 13 : Equity share capital

Particulars	As at March 31 2022	As at March 31 2021
Authorised share capital		
14,50,000 (March 31, 2021: 14,50,000) Equity Shares of `10/ each	145.00	145.00
3,00,000 (March 31, 2021: 3,00,000) Equity Shares of `10/ each	30.00	30.00
Total	145.00	145.00
Issued, Subscribed and Fully share capital		
12,00,000 (March 31, 2021: 12,00,000) Equity Shares of `10/ each	120.00	120.00
2,60,000 (March 31, 2021: 2,60,000) Equity Shares of `10/ each	26.00	26.00
Total	146.00	146.00

Note 21.1 Reconciliation of number of shares outstanding at the beginning and at the end of the Reporting Year

Particulars	As at March 31 2022	As at March 31 2021
At the beginning of the year	1,200,000	1,200,000
Add:		
Shares issued for Cash or Right Issue	-	-
	1,200,000	1,200,000
Less:		
Shares bought back / Redemption	-	-
At the end of the year	1,200,000	1,200,000

Note 21.2 Rights, Preferences and Restrictions

The Authorised Share Capital of the Company consists of Equity Shares having nominal value of `10/- each. The rights and privileges to equity shareholders are general in nature and allowed under Companies Act, 2013.

The equity shareholders shall have:

- a right to vote in shareholders' meeting. On a show of hands, every member present in person shall have one vote and on a poll, the voting rights shall be in proportion to his share of the paid up capital of the Company;
- a right to receive dividend in proportion to the amount of capital paid up on the shares held.

The shareholders are not entitled to exercise any voting right either in person or through proxy at any meeting of the Company if calls or other sums payable have not been paid on due date.

In the event of winding up of the Company, the distribution of available assets / losses to the equity shareholders shall be in proportion to the paid up capital.

Note 21.3 Details of shareholders holding more than 5% Shares in the company

Particulars	March 31,2022		March 31,2021	
	No. of Shares	% of holding	No. of Shares	% of holding
Rajesh Mulani	299,850	24.99	299,850	24.99

Note 21.4 Details of Promotors holding Shares in the company

Particulars	March 31,2022		March 31,2021		% Deviation
	No. of Shares	% of holding	No. of Shares	% of holding	
Saurabh Tapuriah	9,400	0.78	9,400	0.78	
RAJESH MULANI	299,850	24.99	2,99,850	24.99	

Note 14 : Other Equity

Particulars	As at March 31 2022	As at March 31 2021
Securities Premium	138.00	138.00
Capital redemption reserve	-	-
Debenture Redemption reserve	-	-
Retained Earnings	28.35	28.11
	<u>166.35</u>	<u>166.11</u>

Particulars	As at March 31 2022	As at March 31 2021
Securities Premium		
Balance as per previous financial statements	138.00	138.00
Add : Additions during the year	-	-
	<u>138.00</u>	<u>138.00</u>
Balance at the end of the year	138.00	138.00
Surplus / (Deficit) in Statement of Profit & Loss		
Balance as per previous financial statements	28.11	29.33
Add : Profit for the year	0.24	1.22
	<u>28.35</u>	<u>28.11</u>
Balance available for appropriation	28.35	28.11
Net Surplus / (Deficit)	<u>28.35</u>	<u>28.11</u>
	<u>166.35</u>	<u>166.11</u>

Nature and Purpose of other reserves

Securities Premium: The amount received in excess of face value of the equity shares is recognised in Share Premium Reserve. This is not available for distribution of dividend but can be utilised for issuing bonus shares.

Retained Earnings: Retained Earnings represents surplus/accumulated earnings of the Corporation and are available for distribution to shareholders.

Other comprehensive income (OCI): OCI comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by Indian Accounting Standards. The components of OCI include: re-measurements of defined benefit plans, gains and losses arising from translating the financial statements of a foreign operation etc.

Distributions Proposed

Particulars	2021-22	2020-21
Proposed dividends on Equity shares:		
Final dividend for the year ended on 31 March 2022:	-	-
Total Proposed Dividend	<u>-</u>	<u>-</u>

Note 15 : Current Borrowings

Particulars	As at March 31 2022	As at March 31 2021
Others	2.48	6.98
Total:	<u>2.48</u>	<u>6.98</u>

Notes to the Financial Statements

Note 17 : Revenue from Operations (In Lakhs)

Particulars	March 31, 2022	March 31, 2021
Revenue from Contracts with Customers (Refer Note 46)	27.26	113.71
Other Operating Income	-	-
	27.26	113.71

Undisclosed Income Recorded During the Year

Particulars	March 31, 2022	March 31, 2021
Undisclosed Income	-	-
	-	-

Note 18 : Other Income

Particulars	March 31, 2022	March 31, 2021
Interest Income		
From Others	2.15	-
	2.15	-
Commission Income	7.15	6.50
Dividend		0.12
Sundry balances written back (Net)	0.76	0.00
	7.91	6.62
	10.06	6.62

Undisclosed Income Recorded During the Year

Particulars	March 31, 2022	March 31, 2021
Undisclosed Income	-	-
	-	-

Ellora trading Limited
Notes to the Financial Statements
Note 19 : Purchase of Stock-in-trade

Particulars	March 31, 2022	March 31, 2021
Traded Goods	16.31	50.01
	16.31	50.01

Note 19A : Changes in inventories

Particulars	March 31, 2022	March 31, 2021
Inventory at the end of the year		
Stock In trade	15.49	45.35
Inventory at the beginning of the year		
Stock In trade	15.49	15.49
(Increase) / Decrease in stocks	-	29.86

Note 20 : Employee benefits expense

Particulars	March 31, 2022	March 31, 2021
Salary, Allowances & Bonus	5.24	8.96
	5.24	8.96

Note 21 : Finance Cost

Particulars	March 31, 2022	March 31, 2021
Other ancillary Cost	0.03	0.01
	0.03	0.01

Note 22 : Depreciation and Amortization

(` In Lakhs)

Particulars	March 31, 2022	March 31, 2021
Depreciation expense on property, plant and equipment	0.89	0.89
	0.89	0.89

Note 23 : Other expenses

Particulars	March 31, 2022	March 31, 2021
Audit Fee	0.07	0.25
Bse, CDSL and Depository Expenses	14.05	4.12
Office Expenses	0.40	-
Misc Expenses	0.00	-
	14.52	4.37

23.1 Payment to Auditor

For Statutory Audit	0.07	0.25
Total	0.07	0.25

Note 24 : Earning per Share

Particulars	March 31, 2022	March 31, 2021
Net Profit attributable to Equity shareholders (`)	0.24 -	1.24
Number of equity shares	1,200,000	1,200,000
Weighted Average number of Equity Shares	1,200,000	1,200,000
Basic & Diluted earning per Share (`)	0.02 -	0.10
Face value per Share (`)	10.00	10.

Statements of Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Consolidated Audited Financial Statements as mentioned above:

(Rs. in Lakhs, unless otherwise specified)

Sr. No.	Particulars	Based on Audited Financial Statements	
		FY 2021-22	FY 2020-2021
A.	Net worth	312.35	312.11
B.	Net Profit / (Loss) after Tax	0.24	(1.24)
C.	No. of Shares outstanding at the end of the year	1200000	1200000
	Weighted average number of shares outstanding		
D.	- for basic earnings per share	0.02	(0.10)
E.	- for diluted earnings per share	0.02	(0.10)
H.	Return on net worth (%) (B/A)	0.07%	0.39%
	Net Asset Value per share of Rs. 10 each	26.03	26.01
I.	- based on weighted average number of shares (A/D)		
J.	- assuming actual number of equity shares with fully diluted capital in prior years (A/E)		
K.	EBITDA	1.22	(0.35)
L.	Face value	10.00	10.00

*This includes capital reserves and other reserves

**Net Worth is derived from the Financial Information and comprises of equity share capital and other equity.

A. The formula used in the computation of the above ratios are as follows:

- 1) Basic Earnings Per Share = $\frac{\text{Net Profit after Tax as per consolidated statement}}{\text{Weighted average number of equity shares outstanding during the Period / year}}$
- 2) Diluted Earnings Per Share = $\frac{\text{Net Profit after Tax as per consolidated statement}}{\text{Weighted average number of equity shares outstanding during the Period / year for the effects of all dilutive potential equity shares}}$
- 3) Return on net worth (%) = $\frac{\text{Net Profit after Tax as per consolidated statement}}{\text{Net worth}}$
- 4) Net Asset Value per share = $\frac{\text{Net Worth}}{\text{Number of Equity Shares subscribed and fully paid outstanding as at the end of the period / year.}}$
- B. Earnings per share (EPS) calculation are in accordance with Ind - AS 33 - Earning per share.
- C. Weighted average number of shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.
- D. "EBITDA" means earnings before interest, tax, depreciation and amortization. It has been calculated as follows: Profit before tax (before share of profit of Associate & Joint Venture) – other income + finance cost + depreciation and amortization expense.

CAPITALIZATION STATEMENT

(Rs. In Lakhs)

Particulars	Pre Issue as on as on March 31, 2022	Post Issue *
Borrowing		
Short - Term Debt	0.48	[●]
Long - Term Debt	2.48	[●]
Total Debt		[●]
Shareholders' Funds		
Share Capital		
- Equity	12.00	[●]
Less: Calls - in – arrears	-	[●]
- Preference	2.60	[●]
Less: Calls – in – arrears	-	[●]
Share Application money		
- Preference	-	[●]
Reserves & Surplus Including Premium	166.35	[●]
Total Shareholders' Funds	312.35	[●]
Long - Term Debt / Shareholders Fund		[●]
Short - Term Debt / Shareholders Fund		[●]

*To be updated in the Letter of Offer

Notes:

1. Non-current borrowings are considered as borrowings other than short term borrowings and include current maturities of long term borrowings.
2. The amounts disclosed above are based on the Financial Information of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

A. Industry structure and developments:

In the last nine years, Indian markets have witnessed a spurt in volumes around 30% to 40% Compound Annual Growth Rate (CAGR) from F.Y. 2013 to F.Y. 2022. The industry volumes Average Daily Turnover (excluding proprietary) was up by around 55% YOY. In this, while the gross equity ADTO increased by 11%, delivery ADTO contribution decreased to 24%. There was a substantial growth in the number of new retail investors entering the equity market, as witnessed through the number of NSDL and CDSL Demat Accounts being opened in F.Y. 2021, which was up by 25% as compared to F.Y. 2019. The volatility in market is expected to encourage trading turnover, the recent corrections in valuations on account of the COVID-19 impact, coupled with the cautious investor stance, would have a bearing on industry revenues in F.Y. 2022. On account of the COVID-19 impact, brokerage companies are expected to report a marginal reduction in revenue and profitability across businesses.

Experts now estimate the agricultural growth rate of India to be near to 3.9 per cent in FY 2022-23, surpassing the 2021-22 growth rate of 3.6 percent approximately. The Government's priority shall continue on doubling farmers' income by 2022-23 and becoming a USD 5 trillion economy by 2024-25. For the new fiscal - Sops/allocations or incentives are expected in agri infrastructure, exports, retail segment, storage facilities in addition to the credit related services and allocations for enhancing their social security conditions. The policy announcements should now be made, considering the need for demand-driven activities.

B. Opportunities and Threats:

i. Opportunities:-

Securities businesses are expected to benefit from the structural shift in the financial savings environment as well as the improving technology infrastructure of India. Some of the broad macro trends that underline the opportunities are:

1. Despite the short-term impact of COVID-19, India is expected to be a relatively high growth economy in the medium to longer term and this augurs well for the capital markets.
2. India has been and is expected to remain a high savings economy. The young working population is expected to increasingly channel a higher share of their savings into financial assets. The growing preference for equity among retail investors, as an asset class coupled with and the relative under-penetration in terms of both market capitalisation to GDP ratio or ratio of investments in shares and debentures to GDP, signify a positive outlook for equity-based businesses in India.

ii. Threats:-

Worsening of macro-economic factors and low economic growth can negatively impact the capital market sector thereby affecting business. Movement in crude oil prices is one of the key determinants of the direction of financial markets. It can be bundled with rising account deficits, inflation, depreciating currency, slowdown in foreign investment flows etc thereby posing threat to the business. Uncertainty in the global markets, owing to the increased strain in the advanced economies and emerging economies due to the COVID 19 impact result in volatile capital inflows and currency fluctuations.

C. Segment-wise or product-wise performance:

The Company is operating in only one segment. Therefore there is no requirement of Segment wise reporting.

D. Outlook:

The outlook for the industry is dependent upon key factors such as domestic and global economic growth, buoyancy in primary markets, lack of alternative investment opportunities and technological up-gradation.

A broad-based macro-economic recovery will lead to improved corporate profits, thus supporting higher stock prices and positive equity market sentiments. While FIIs have sold lately, India's structural long-term attractiveness will attract foreign investors.

E. Risks and concerns:

The capital market industry is mainly dependent on economic growth of country and capital market is also further affected by number of issues arising out of International policies of foreign government as well any change in international business environment. The industrial growth is very sensitive which is dependent on many factors which may be social, financial, economical or political and also natural climatic conditions in the country.

However, with the positive attitude of country which can mitigate the avoidable risks. Geopolitical tensions, raising crude oil prices, rising US bond yields, scams in the banking sector are some of the affecting factors that the country witnessed during the year under review. The country faced the said concerns with positive measures by way of making amendments or introducing new laws that can assist to grow the economy. Foreign investors are very positive for India and trust its policies which are very much investor friendly. It is expected that the said efforts shall continue during the coming years irrespective of the Government which is in power.

F. Internal control systems and their adequacy:

The Company has implemented proper system for safeguarding the operations / business of the company, through which the assets are verified and frauds, errors are reduced and accounts, information connected to it are maintained such, so as to timely completion of the statements.

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information. The Company has internal audit and verification at regular intervals.

The requirement of having internal auditor compulsory by statute in case of listed and other classes of companies as prescribed shall further strengthen the internal control measures of company.

G. Discussion on financial performance with respect to operational performance:

The financial performance of the Company for the Financial Year 2020-21 is described in the report of Board of Directors' of the Company.

H. Material developments in Human Resources / Industrial Relations front including number of people employed:

The cordial employer- employee relationship also continued during the year under the review. The Company has continued to give special attention to human resources.

<p>Registered Office: 911, Addor Aspire, Addor Aspire, Nr. Jahanvee Rd. University to Panjrapole Rd. Ahmedabad – 380 015</p> <p>Place: Ahmedabad Date: 15th June, 2022</p>	<p style="text-align: right;">By the order of the Board of Ellora Trading Limited</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Sd/- Devi Singh Managing Director DIN: 09528536</p> </div> <div style="width: 45%; text-align: right;"> <p>Sd/- Kailash Gupta Director DIN: 09593190</p> </div> </div>
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For the Quarter ended June 30, 2022

Particulars	Quarter ended June 30		For the year ended March 31			
	2022		2022		2021	
	(Rs. in lakhs)	% of Total Revenue	(Rs. in lakhs)	% of Total Revenue	(Rs. in lakhs)	% of Total Revenue
Revenue from operations	13.40	100.00	27.26	73.04	113.71	94.50
Other income	-	-	10.06	26.96	6.62	5.50
Total revenue	13.40	100.00	37.32	100.00	120.33	100.00
Cost of material consumed	-	-	-	-	-	-
Purchase of Stock in Trade	8.89	66.34	16.31	43.70	50.02	41.57
Changes in inventories of finished goods, work-in-progress and stock in trade	-	-	-	-	29.85	24.81
Employee Benefits Expenses	0.21	1.57	5.24	14.04	8.96	7.45
Finance Costs	3.79	28.28	0.03	0.08	0.01	0.01
Depreciation and Amortization Expense	0.22	1.64	0.89	2.38	0.89	0.74
Power and Fuel	-	-	-	-	-	-
Other Expenses	0.04	0.30	14.52	38.91	31.84	26.46
Total expenses	13.15	98.13	36.99	99.12	121.57	101.03
Profit before tax	0.25	1.87	0.33	0.88	(1.24)	(1.03)
Current year	0.07	0.52	0.09	0.24	-	-
Deferred Tax	-	-	-	-	-	-
Total Tax Expenses	0.07	0.52	0.09	0.24	-	-
Profit for the period from continuing operation	0.19	1.42	0.24	0.64	(1.24)	(1.03)
Profit for the period	0.19	1.42	0.24	0.64	(1.24)	(1.03)

1. Total Income:

Our total income was Rs. 13.40 Lakhs for the quarter ended on 30th June, 2022.

a. Revenue from operations:

Our revenue from operations was Rs. 13.40 Lakhs which represented 100.00% of our total revenue for the Quarter ended on 30th June, 2022.

2. Expenses:

a. Purchase of Stock in trade:

Our purchase of stock in trade was Rs. 8.89 Lakhs for the Quarter ended on 30th June, 2022, representing 66.34% of our total revenue for the period.

b. Employee benefits expenses:

Our employee benefits expenses were Rs. 0.21 Lakhs, representing 1.57% of our total revenue for the Quarter ended on 30th June, 2022

c. Finance cost:

Finance cost was Rs. 3.79 Lakhs for the Quarter ended on 30th June, 2022, representing 28.28% of our total revenue for the same period.

d. Depreciation and amortization expenses:

Depreciation and amortization expenses were Rs. 0.22 Lakhs for the Quarter ended on 30th June, 2022, representing 1.64% of our total revenue for the same period.

e. Other Expenses:

Other expenses were Rs. 0.04 Lakhs for the Quarter ended on 30th June, 2022, representing 0.30% of our total revenue for the same period.

f. Total Expenses:

Our total expenses were Rs. 13.15 Lakhs for the Quarter ended on 30th June, 2022, representing 98.13% of our total revenue for the same period.

g. Profit for the period

As a result of the foregoing factors, our profit for the Quarter ended on 30th June, 2022 was Rs. 0.19 Lakhs, representing 1.42% of total revenue.

Cash Flows of our Company:

Set for the below is a table of selected information from our statements of cashflows for Financial Year 2021 and 2022.

Particulars	As at 31 st March	
	2022	2021
	(Rs. in Lakhs)	
Net cash generated from / (used in) operating activities (A)	(15.54)	(121.39)
Net cash generated from / (used in) investing activities (B)	0.00	77.00
Net cash generated from / (used in) financing activities (C)	17.77	44.37
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2.23	(0.02)

1. Operating Activities

a. Financial Year 2022

Net cash generated from operating activities was Rs. (15.54) Lakhs for Financial Year 2022. The profit before tax of Rs. 0.24 Lakhs, as adjusted primarily for depreciation and amortization expenses of Rs. 0.89 Lakhs. Operating profit before working capital was Rs. 1.13 Lakhs. The main adjustments in working capital included trade receivables of Rs. 63.31 Lakhs, short term loans & advances of Rs. (78.00) Lakhs, trade & other payable of Rs. (1.61) Lakhs, other current assets of Rs. (0.37) Lakhs. Cash generated from operations amounted was Rs. (15.54) Lakhs and Net cash from operating activities was Rs. (15.54) Lakhs.

b. Financial Year 2021

Net cash generated from operating activities was Rs. (121.39) Lakhs for Financial Year 2021. The profit before tax of Rs. (1.24) Lakhs, as adjusted primarily for depreciation and amortization expenses of Rs. 0.89 Lakhs. Operating profit before working capital was Rs. (0.35) Lakhs. The main adjustments in working capital included trade receivables of Rs. (117.37) Lakhs, inventories of Rs. 29.85 Lakhs, short term loans & advances of Rs. (5.98) Lakhs, trade & other payable of Rs. (27.64) Lakhs, other current assets of Rs.0.10 Lakhs. Cash generated from operations amounted was Rs. (121.39) Lakhs and Net cash from operating activities was Rs. (121.39) Lakhs.

2. Investing Activities

a. Financial Year 2022

Net cash used in investing activities was Nil for Financial Year 2022.

b. Financial Year 2021

Net cash used in investing activities was Rs. 77.00 Lakhs for Financial Year 2021, primarily due to investment of Rs. 77.00 Lakhs.

3. Financing Activities

a. Financial Year 2022

Net cash used in financing activities was Rs. 17.77 Lakhs for Financial Year 2022, primarily due to Borrowings (Net) of Rs. (4.50) Lakhs and Long term advances of Rs. 22.27 Lakhs.

b. Financial Year 2021

Net cash used in financing activities was Rs. 44.37 Lakhs for Financial Year 2021, primarily due to Borrowings (Net) of Rs. 6.98 Lakhs, Non current assets of Rs. 26.25 Lakhs and Long term advances of Rs. 11.14 Lakhs.

Contingent Liabilities

We have no contingent liabilities as on 31st March, 2022.

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

1. Quantitative Disclosure about Market Risk

Commodity price risk

Commodity price risk is the possibility of impact from changes in the prices of raw materials and components used in our products. The costs for these materials and components are subject to fluctuation based on commodity prices. The costs of various components sourced from third party manufacturers may also fluctuate based on their availability from suppliers.

Credit risk

We are exposed to credit risk from our operating and financial activities. We manage credit risk in relation to our customers by ensuring that our marketing department follows our establish policies, procedures and controls, and by reviewing the creditworthiness of our customers on an on-going basis.

Liquidity risk

We may experience liquidity risk due to the accumulation of receivables due from our clients which expose us to the risk of not being able to meet our obligations. The senior management team of our Company oversees our processes and policies are formulated to minimise such risk.

2. Qualitative Disclosure about Market Risk

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page 21 and page 169 respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Except as disclosed in this Draft Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled “Risk Factors” on page 21 of this Letter of Offer.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 23 and 169 respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase in revenue is by and large linked to increase in volume of all the activities carried out by the Company.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths like quality products, brand loyalty and timely supply, we will be able to stay competitive. For further details, kindly refer the chapter titled “Our Business” beginning on page 107.

Total Turnover of Each Major Business Segment

The Company operates in single segment in context of accounting standards 17 on Segment Reporting issued by ICAI.

New Product or Business Segment

Except as disclosed in “Our Business” on page 107 we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

Our agriculture business is seasonal in nature, for further reference; please refer section title “Risk Factor” on page 23 of this Draft Letter of Offer.

Significant dependence on a Single or Few Suppliers or Customers

We are not under threat of dependence from any single supplier or customer.

Significant Developments since last balance sheet date

To our knowledge no circumstances have arisen since 31st March, 2022, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

As on 31st March, 2022, our Company does not have any outstanding secured borrowing and unsecured borrowing.

For further details, kindly refer the chapter titled “Financial Information” beginning on page 131 of this Draft letter of offer.

MARKET PRICE INFORMATION

The Equity Shares of our Company are listed on the BSE Limited ('BSE') and the Calcutta Stock Exchange Limited ('CSE'). As our Equity Shares are listed on the BSE and CSE, stock market data for our Equity Shares has been given for BSE because since 2013 there has been no trading on the CSE trading platform.

For the purpose of this section:

- Year is a Financial Year;
- Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, or the week, as the case may be;
- High price is the maximum of the daily high prices and Low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

Yearly Stock Market Quotation at BSE

The high, low prices and average of closing prices recorded on the BSE for the preceding three Financial Years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

F.Y.	High	No. of shares	No. of trades	Low	Total Turnover	Average
2022	44.40	13,35,125	4,124	14.25	3,46,56,396	29.33
2021	124.15	8,43,906	6,801	12.10	6,35,48,646	68.13
2020	72.10	19,419	141	30.00	9,48,465	51.05

(Source: www.bseindia.com)

Notes: High, low and average prices are based on the daily closing prices. In case of two days with the same high or low price, the date with the high volume has been considered.

Monthly Stock Market Quotation at BSE

The high and low prices and volume of the Equity Shares traded on the respective dates during the last six months is as follows:

Month and Year	High	No. of shares	No. of trades	Low	Total Turnover	Average
October, 2022	44.40	1,84,896	701	33.10	74,91,811	38.75
September, 2022	35.25	43,762	230	27.90	13,41,391	31.58
August, 2022	37.30	40,265	274	22.05	12,23,586	29.68
July, 2022	30.00	6,823	48	19.45	1,62,993	24.73
June, 2022	27.70	12,748	74	22.05	3,21,773	24.88
May, 2022	32.30	61,108	245	23.35	17,08,963	27.83

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there are no outstanding litigations involving our Company and our Subsidiaries/associates whose financial statements are included in the draft letter of offer, either separately or in a consolidated form including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

- *In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, we have considered all pending litigations involving our Company, other than criminal proceedings, statutory or regulatory actions, as 'material';*
- For the purpose of determining materiality, the threshold shall be determined by the issuer as per requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.

I. CONTINGENT LIABILITIES OF OUR COMPANY

As per the Audited Financials for the Financial Year ending 31st March, 2022, the Company has no Contingent Liabilities.

I. LITIGATION INVOLVING OUR COMPANY

1. Litigation Involving Actions by Statutory/Regulatory Authorities: NIL.

2. Litigation involving Tax Liabilities:

(i) Direct Tax Liabilities: NIL.

(ii) Indirect Taxes Liabilities: NIL.

(iii) Any Other Litigations: As mentioned Below:

M/s. Ellora Trading Limited Vs the Tax Officer (Ghatak -9, Division-1, SGST)

Court/Authority	The Honorable Appellate Authority State Goods & Service Tax, Ahmedabad Appeal against REG-19 REF. NO. ZA240322072416U
Date of Filing	11-10-2022
Case Details	The appellant is engaged in trading of agricultural products. The applicant could not file the periodical returns since March, 2021 and that resulted in default. The Appellant has argued that the non-filing of returns is attribute to having no tax liability as applicant is in the business of exempted products. Subsequently, a Show Cause Notice Ref. No. 2A2411220463634 dated 15-11-2021 was issued and allegation for not filling GST Return for six months was made. Reply to the said SCN could not be filled by the Appellant and only after issuance of the Order for Cancellation of GST registration, an application for Condonation cum Revocation of the registration was filed. But the revocation of the registration application was rejected vide Ref. No. 2A2405220543005 dated 12-5-2022. The Appellant has filed this instant Appeal for restoration of the GST registration of the Appellant and also that the late fees for the GSTR monthly returns to be filed has already been deposited on electronic cash ledger by the Appellant.
Case status	The matter is pending

- 3. Proceedings involving issues of moral turpitude or criminal liability on the part of our Company: NIL*
- 4. Proceedings involving material violations of statutory regulations by our Company: NIL*
- 5. Matters involving economic offences where proceedings have been initiated against our Company: NIL*

II. LITIGATION INVOLVING OUR DIRECTORS

A. LITIGATION AGAINST OUR DIRECTORS

- 1. Litigation Involving Criminal matters: NIL.**
- 2. Litigation Involving Civil matters: NIL.**
- 3. Litigation Involving Actions by Statutory/Regulatory Authorities: NIL.**
- 4. Litigation involving Tax Liabilities**
 - (i) Direct Tax Liabilities: NIL.**
 - (ii) Indirect Taxes Liabilities: NIL.**
- 5. Other Pending Litigations: NIL.**

B. LITIGATION FILED BY OUR DIRECTORS

- 1. Litigation Involving Criminal matters: NIL.**
- 2. Litigation Involving Civil matters: NIL.**
- 3. Litigation Involving Actions by Statutory/Regulatory Authorities: NIL.**
- 4. Litigation involving Tax Liabilities**
 - (i) Direct Tax Liabilities: NIL.**
 - (ii) Indirect Taxes Liabilities: NIL.**
- 5. Other Litigations: NIL.**

III. LITIGATION INVOLVING OUR PROMOTERS AND PROMOTER GROUP

A. LITIGATION AGAINST OUR PROMOTERS AND PROMOTER GROUP: NIL.

B. LITIGATION FILED BY OUR PROMOTERS AND PROMOTER GROUP: NIL.

IV. PENALTIES IMPOSED IN PAST CASES FOR THE LAST FIVE YEARS:

The BSE Limited has in the past has imposed Penalties on the Company for the below non-compliances:

Date	Non-Compliances	Penalty (INR)
30/09/2021	Non-Filing of Shareholding Pattern for the Quarter Ended 30 th September, 2021 under Regulation 31(1)(b).	59,000
30/09/2021	Non Appointment of Compliance Officer for the Quarter Ended 30 th September, 2021 under Regulation 6.	1,08,560
30/09/2021	Non-Filing of Financial Results for the Quarter Ended 30 th September, 2021 under Regulation 33.	17,700
26/07/2021	Non-Filing of Shareholding Pattern for the Quarter Ended 30 th June, 2021 under Regulation 31(1)(b).	8,000
18/09/2021	Non-Filing of Shareholding Pattern for the Quarter Ended 30 th September, 2021 under Regulation 31(1)(b).	56,000
17/11/2021	Non-Filing of Financial Results for the Quarter Ended 30 th September, 2021 under Regulation 33.	10,000
-	Non-Filing of Annual Report for the Year Ended 31 st March, 2021 under Regulation 34.	1,58,000
-	Non Appointment of Compliance Officer for the Quarter Ended 31 st March, 2021 under Regulation 6.	41,000
-	Non Appointment of Compliance Officer for the Quarter Ended 30 th June, 2021 under Regulation 6.	91,000
-	Non Appointment of Compliance Officer for the Quarter Ended 30 th September, 2021 under Regulation 6.	92,000
-	Non Appointment of Share Transfer Agent for the Quarter Ended 30 th September, 2021 under Regulation 7.	92,000
-	Non Intimation regarding the Board Meeting under Regulation 29(2) & 29(3) for the Quarter Ended 30 th November, 2021.	10,000
	Total	7,43,260

The Calcutta Stock Exchange Limited has in the past has imposed Penalties on the Company for the below non-compliances:

2020-2021	Non filing of Quarterly Report on investor's Complaints under Regulation 13(3).	1,87,000
2020-2021	Non Intimation regarding the Board Meeting under Regulation 29(2).	10,000
2020-2021	Non filing of Shareholding Pattern under Regulation 31(1)(b).	3,74,000
2020-2021	Non-Filing of Financial Results under Regulation 33.	5,85,000

2021-2022	Non filing of Quarterly Report on investor's Complaints under Regulation 13(3).	1,19,000
2021-2022	Non Filing of Quarterly Report on Corporate Governance under Regulation 27(2).	2,38,000
2021-2022	Non filing of Shareholding Pattern under Regulation 31(1)(b).	2,38,000
2021-2022	Non-Filing of Financial Results under Regulation 33.	4,75,000
2021-2022	Non Filing of Shareholding Pattern under Regulation 31(1)(b).	1,92,000
2021-2022	Non-Filing of Financial Results under Regulation 33.	3,60,000
2021-2022	Non filing of Quarterly Report on Corporate Governance under Regulation 27(2).	1,92,000
2021-2022	Non filing of Quarterly Report on investor's Complaints under Regulation 13(3).	96,000
2021-2022	Non Submission of Report on Related Party Transaction.	2,10,000
	Total	32,76,000

V. LITIGATIONS INVOLVING OUR SUBSIDIARIES: NIL.

VI. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoter or any of our Directors are or have been categorized as a willful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters and a fraudulent borrower issued by the RBI.

VII. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY OR INVOLVING ANY OTHER PERSON OR COMPANY WHOSE OUTCOME MAY HAVE A MATERIAL ADVERSE EFFECT ON THE COMPANY'S RESULTS OF OPERATIONS OR FINANCIAL POSITION.

Except as described above, as on date of this Draft Letter of Offer, there are no outstanding litigations involving the Company, or involving any other person or company whose outcome may have a material adverse effect on the Company's results of operations or financial position.

DETAILS OF MATERIAL DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET I.E. MARCH 31, 2021.

Except as mentioned in this Draft Letter of Offer, no material circumstances have arisen since the date of last financial statement until the date of filing the Draft Letter of Offer, which materially and adversely affect or are likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months to our knowledge.

OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

There are no disputes with such entities in relation to payments to be made to our Creditors. The details pertaining to amounts due towards such creditors are available on the website of our Company.

Below are the details of the Creditors where outstanding amount as on March 31, 2022:

Name	Balance as on March 31, 2022
Total Outstanding dues to Micro and Small & Medium Enterprises (MSME)*	Rs. [●] Lakhs
Total Outstanding dues to Creditors other than MSME#	Rs. [●] Lakhs

* Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, is not available with us as we are in the process of compiling the information from our vendors.

GOVERNMENT AND OTHER STATUTORY APPROVALS

In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations. Our Company has obtained the necessary consents, licenses, registrations, permissions and approvals from the applicable government agencies and other statutory and/ or regulatory authorities required to carry on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

In addition, as on the date of the Draft Letter of Offer, there are no pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities presently undertaken by us or in relation to the Issue.

- I. Material approvals for which applications have been made by our Company, but are currently pending grant: NIL**
- II. Material approvals for which renewal applications have been made by our Company: NIL**
- III. Material approvals which have expired and for which renewal applications are yet to be made by our Company: NIL**
- IV. Material approvals required for which no application has been made by our Company: NIL**

MATERIAL INFORMATION AND DEVELOPMENTS

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

For further details, please refer to the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 169 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at its meeting held on August 5, 2022, pursuant to Section 62 and Section 62(1)(a) of the Companies Act, 2013.

The Board of Directors of our Company has, at its meeting held on August 5, 2022, determined the Issue Price as Rs. 18/- per Rights Equity Share (including a premium of Rs. 8/- per Rights Equity Share) and the Rights Entitlement as 6 (Six) Rights Equity Shares for every 1 (One) Equity Share held on the Record Date. The Issue Price is Rs. 18/- per Equity Share and has been arrived at by our Company prior to determination of the Record Date.

This Draft Letter of Offer has been approved by our Board pursuant to their resolution dated November 7, 2022.

Our Company has received 'in-principle' approvals from BSE Limited and CSE for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, vide their respective letters dated [●] and [●]. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges- BSE Limited and CSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see "Terms of the Issue" on page no. 191 of this Draft Letter of Offer.

Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoters, our Promoter Group, Subsidiaries or our Directors, the persons in control of our Company and the persons in control of our Corporate Promoters have not been debarred and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

The companies with which the Promoters or the Directors are associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors or Promoters are associated with the securities market in any manner. Further, there is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our individual Promoters nor any of our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market.

Prohibition by RBI

Neither our Company, nor our Promoters, Subsidiaries, Group Companies and Directors have been categorized or identified as wilful defaulters and/ or Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Confirmation under the Companies (Significant Beneficial Ownership) Rules, 2018

As on the date of this Draft Letter of Offer, our Company, our Promoters and members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, as amended (“SBO Rules”), to the extent applicable.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE Limited and the Calcutta Stock Exchange Limited. For the purpose of this Issue, the Designated Stock Exchange shall be BSE Limited.

Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI (ICDR) Regulations.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1) of the SEBI ICDR Regulations, to the extent applicable and our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. **BSE Limited is the Designated Stock Exchange for the purpose of the Issue.**

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Draft Letter of Offer with Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the website of Stock Exchanges BSE Limited and CSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders’ Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Draft Letter of Offer are made in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is below Rs. 5000 Lakhs.

Disclaimer from our Company

Our Company accept no responsibility for statements made other than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue. Our Company and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

Cautions

Our Company shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no respective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to Shareholders only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer with respect to the jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Listing

Our Company will apply to BSE Limited and CSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Disclaimer Clause of the BSE Limited

As required, a copy of this Draft Letter of Offer has been submitted to BSE Limited. The Disclaimer Clause as intimated by BSE Limited to us, post scrutiny of this Draft Letter of Offer is set out below:

“BSE Limited (“the **Exchange**”) has given, vide its letter reference no. [●] dated [●] permission to this Company to use the Exchange’s name in this Draft Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- (ii) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange

whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

SCSBs Restrictions

The distribution of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to any persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form and the Employee Application Form (as applicable) may come are required to inform them about and observe such restrictions.

Our Company is making this Issue of Equity Shares: (a) to the Eligible Equity Shareholders who are outside the United States in offshore transactions in reliance on Regulation S located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions; and (b) to the Eligible Employees, and will dispatch the Letter of Offer, Abridged Letter of Offer, Common Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders and the Employee Application Form to the Eligible Employees, who have provided an Indian address to our Company and who have made a request in this regard.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, Abridged Letter of Offer and Application Form or any other material relating to our Company, the Rights Equity Shares, Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchanges.

Accordingly, the Issue Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form or any offering materials or advertisements in connection with the Rights Equity Shares, Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form must be treated as sent for information purposes only.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal consultant prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the receipt of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid email address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD OR RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT (“**REGULATIONS**”) AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Draft Letter of Offer.

Any person who acquires the Rights Entitlements or the Issue Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Issue Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Issue Shares in compliance with all applicable laws and regulations.

Our Company, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Issue Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Issue Shares under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Issue Shares in respect of any such Application Form.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3(b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Letter of Offer has been filed with the BSE Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the BSE Limited.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Skyline Financial Services Private Limited is our Registrar and Share Transfer Agent to the Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see “Terms of the Issue” on page 191 of this Draft Letter of Offer. Investors may contact the Company Secretary and Compliance Officer and/ the Registrar at the below mentioned details for any pre Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Further, SEBI has pursuant to the SEBI Rights Issue Circular stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see ‘Making Application by Eligible Equity Shareholders holding Equity Shares in physical form’ beginning on page no. 191 of this Draft Letter of Offer.

Investors are requested to note that application in this issue can only be made through ASBA.

The Rights Entitlement on the Securities, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents / records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Securities to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Securities pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

I. Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send/ dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Draft Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) Our Company at <https://www.elloratradingltd.in/> ;
- (ii) The Registrar at <https://www.skylinerta.com/> ;

Eligible Equity Shareholders who have not received the CAF may apply, along with the requisite application money, by using the CAF available on the websites above, or on plain paper, with the same details as per the CAF available online.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company.

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar shall be responsible for non- dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or redistributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or their respective affiliates to make any filing or registration (other than in India).

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid email addresses and an Indian address to our Company.

II. Process of making an Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see “*Procedure for Application through the ASBA Process*” on page no. 191 of this Draft Letter of Offer.

*The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 191.*

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSBs or online/electronic Application through the website of the SCSBs (if made available by such SCSBs) for authorizing such SCSBs to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSBs.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSBs). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see “*Terms of the Issue - Grounds for Technical Rejection*” on page 191. Our Company the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see *“Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process”* beginning on page 191.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- i. apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- ii. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- iii. apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- iv. apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- v. renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSBs or online/electronic Application through the website of the SCSBs (if made available by such SCSBs) for authorizing such SCSBs to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorization to the SCSBs, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

SCSB-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSBs should have a separate account in its own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Do's for Investors applying through ASBA:

- a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialized form only.
- b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSBs.
- d) Ensure that you have authorised the SCSBs for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- e) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSBs providing ASBA facility in such location.
- f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSBs for your submission of the Application Form in physical form or plain paper Application.
- g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- h) Ensure that your PAN is linked with Aadhar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSBs or vice versa.
- (b) Do not send your physical Application to the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSBs), and a branch of the SCSBs which is not a Designated Branch of the SCSBs or our Company; instead submit the same to a Designated Branch of the SCSBs only.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.
- (d) Do not submit Application Form using third party ASBA account.
- (e) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

Making an Application on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSBs for authorizing such SCSBs to block Application Money in the said bank account maintained with the same SCSBs. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The application on plain paper, duly signed by the Eligible Equity Shareholder, including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of SCSBs before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being VAXFAB Enterprises Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total Application Money paid at the rate of [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSBs;
12. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSBs with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSBs to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSBs); and

16. All such Eligible Equity Shareholders are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("Regulation S") to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.skylinerta.com.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Making of Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised

form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or us Company, Eligible Equity Shareholders should visit [●].

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c) The remaining procedure for Application shall be same as set out in “*Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” beginning on page 191.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “Terms of the Issue - Basis of Allotment” beginning on page 191.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Additional General instructions for Investors

- a) Please read this Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Abridged Letter of Offer,

the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

- c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section ***“Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” on page 191.***
- d) Applications should be submitted to the Designated Branch of the SCSBs or made online/electronic through the website of the SCSBs (if made available by such SCSBs) for authorising such SCSBs to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- e) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not SCSBs), our Company or the Registrar.
- f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.
- g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“Demographic Details”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
- h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- i) For physical Applications through ASBA at Designated Branches of SCSBs, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSBs.
- j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold

Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.

- k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSBs. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- l) All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- m) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical application
- q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- r) Do not submit multiple Applications.
- s) No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.
- t) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

- c) Sending an Application to the Company, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSBs), to a branch of a SCSBs which is not a Designated Branch of the SCSBs.
- d) Insufficient funds are available in the ASBA Account with the SCSBs for blocking the Application Money.
- e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- f) Account holder not signing the Application or declaration mentioned therein.
- g) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- k) Applications by SCSBs on own account, other than through an ASBA Account in its own name with any other SCSBs.
- l) Application Forms which are not submitted by the Investors within the time periods prescribed in the application Form and this Draft Letter of Offer.
- m) Physical Application Forms not duly signed by the sole or joint Investors.
- n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts.
- o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- s) Payment from third party bank accounts.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in *“Capital Structure – Intention and extent of participation by our Promoter and Promoter Group”* beginning on page 43.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, **subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).**

If the Application Form is not submitted with an SCSBs, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSBs on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, **as provided under the heading “Terms of the Issue- Basis of Allotment” on page 191.**

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal

advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their application at any time during Issue Period by approaching the SCSBs where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASB. Wherever an application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. Credit of Rights Entitlements in dematerialised account

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://www.skylinerta.com/>) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., <https://www.elloratradingltd.in/>).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN all remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., <https://www.skylinerta.com/>). Such Eligible Equity Shareholders can make an application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “[●] Demat Escrow Account”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. Renunciation of Trading of Rights Entitlement

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounce (s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to Issue Closing Date, will not be able to renounce their Right Entitlements.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off -market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. **Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

1. On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement. The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE Limited and CSE under automatic order matching mechanism and on 'T+2 rolling settlement bases, where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stockbroker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

2. Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. Mode of payment

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA.

In case of Application through ASBA facility, the Investor agrees to block the Application Money with the submission of the Application Form, by authorizing the SCSBs to block an amount, equivalent to the Application Money, in the Investor's ASBA Account. The SCSBs may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSBs, our Company would have a right to reject the Application on technical grounds as set forth in the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSBs shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in subsection (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSBs.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the Application Form.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

VI. Basis for this Issue and Terms of Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see “**The Issue**” beginning on **page 191**.

Face Value

Each Rights Equity Share will have the face value of Rs 10/-.

Issue Price

The Rights Equity Share is being offered at a price of Rs. 18/- per Rights Equity Share (including a premium of Rs. 8/- per Rights Equity Share) in this Issue.

The Issue Price for Rights Equity Shares has been arrived at by our Company at its board meeting held on [●] and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 6 rights Equity Shares for every 1 Equity Share held by the Eligible Equity Shareholders as on the Record Date.

Fractional Entitlements

The Right Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 6 Right Equity Shares for every 1 Equity Share held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. In our case fractional entitlements is not applicable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issue by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and allotted under this Issue shall rank pari passu with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principal approval from the BSE Limited through letter bearing reference number [●] dated [●] and CSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid -up Rights Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call Notice.

The existing Equity Shares are listed and traded on BSE Limited (Scrip Code: 542803) under the ISIN: INE560T01015. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and our Promoter Group

For details of the intent and extent of subscription by our Promoters and the Promoter Group, see “Capital Structure – Intention and extent of participation by our Promoters and Promoter Group” beginning on page 43.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid up on the Rights Equity Shares:

- a) The right to receive dividend, if declared;
- b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send / dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue materials ("Issue Materials") only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their email address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company. This Draft Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar i.e. Skyline Financial Services Private Limited at D-153A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi – 110 020. It will be the sole responsibility of the investors to ensure that the necessary approval

from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 191.

Record date for Call and suspension of trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of holders of the Rights Equity Shares to whom the notice for the Call would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the call has been made may be suspended prior to the Call Record Date.

Procedure for Call for Rights Equity Shares

Our Company would convene a meeting of the Board of Directors to pass the required resolutions for making the Call and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is situated), all with wide circulation. The Call shall be deemed to have been made at the time when the resolution authorising such Call is passed at the meeting of our Board. The Call may be revoked or postponed at the discretion of the Board.

Pursuant to the provisions of the Articles of Association, the Investors would be given at least 15 days' notice for the payment of the Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Call. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Call, and if it does not receive the Call Monies as per the timelines stipulated unless extended by the Board, the defaulting holders of the Rights Equity Shares will be liable to pay interest as may be fixed by the Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Call made.

Payment of Call Money

In accordance with the SEBI circular SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in call for partly paid specified securities issued by the listed entity, the holders of Rights Equity Shares may make payment of the Call Monies using ASBA Mechanism through the Designated Branch of the SCSBs or through online/electronic through the website of the SCSBs (if made available by such SCSBs) by authorizing the SCSBs to block an amount, equivalent to the amount payable on Call, in the Investor's ASBA Account. The holders of Rights Equity Shares may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Monies.

VIII. Issue Schedule

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION*	[●]
ISSUE CLOSING DATE[#]	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e. [●].

For details, see “General Information - Issue Schedule” on page 37.

IX. Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

- b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (b) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by us Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

X. Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days’ period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

XI. Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

- a) Unblocking amounts blocked using ASBA facility.
- b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including

the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

- c) National Electronic Fund Transfer (“**NEFT**”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated [●] with NSDL and an agreement dated [●] with CDSL which enables the Investors to hold and trade

in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least Rs. 1 million or 1 % of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less

than three years) and fine of an amount not less than the amount involved in the fraud extending upto three times of such amount. In case the fraud involves (i) an amount which is less than Rs. 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public **interest, then such fraud is** punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

XIV. Utilization of Issue Proceeds

Our Board declares that:

- a. All monies received out of this Issue shall be transferred to a separate bank account;
- b. Details of all monies utilized out of this Issue referred to under (A) shall be disclosed under an appropriate separate head in the balance of our Company indicating the purpose for which such monies had been utilized; and
- c. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XV. Undertakings by our Company

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.
- 3) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 4 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) Adequate arrangements shall be made to collect all ASBA Applications.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. Investor Grievances, Communication and Important Links

1. Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "VAXFAB Enterprises Limited – Rights Issue" on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Name : Skyline Financial Services Private Limited
Address : D-153A, 1st Floor, Okhla Industrial Area, Phase-I,
New Delhi – 110 020

Tel No. : +91-11-40450193-97, 26812682-83
Email Id : info@skylinerta.com
Investor Grievance Email : grievances@skylinerta.com
Contact Person : Mr Vijay Kumar
Website : www.skylinerta.com
SEBI Registration No. : INR000003241r

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (<https://www.skylinerta.com/>). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 62638200.

This Issue will remain open for a minimum 7 days. However, our Board or duly authorized committee thereof, will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (Formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company fall under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (OCBs) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements and Issue Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States (other than to persons in the United States who are U.S. QIBs and QPs).

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or the Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Draft Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulations under the US Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Draft Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Draft Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Representations, Warranties and Agreements by Purchasers

Each person outside of the United States by accepting the delivery of this Draft Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of Seller and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulations.
2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed SCSB efforts” in the United States (as such term is defined in Regulations).
3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of its jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of the Letter of Offer with SEBI and the Stock Exchange); and it will not offer, sell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests there in, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, sells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Letter of Offer under the heading **“Restrictions on Purchases and Resales”**.
8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
9. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in

connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Draft Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

10. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Rights Equity Shares are listed on BSE Limited and the The Calcutta Stock Exchange Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the The Calcutta Stock Exchange Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
11. The purchaser understands that the Exchange Information and this Draft Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchange or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Draft Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Draft Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S. SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.
12. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company; and (ii) any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.
13. The purchaser will not hold our Company, or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information.

SECTION VIII – OTHER INFORMATION MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these documents for inspection referred to hereunder, will be made available at our Registered Office between 10:30 a.m. to 5:00 p.m. on all working days from the date of this Draft Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Registrar Agreement dated [●] between our Company and the Registrar to the Issue.
2. Bankers to the Issue Agreement dated [●] among our Company the Registrar to the Issue and the Bankers to the Issue.

B. Material Documents in Relation to the Issue

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company.
2. Certificate of Incorporation dated [●] under the name of “VAXFAB Enterprises Limited”.
3. Copy of the Resolutions passed by our Board dated August 5, 2022 [●] approving the Rights Issue and other related matters.
4. Copy of the Resolutions of our Board dated [●] approving and adopting the Draft Letter of Offer.
5. Copy of the Resolution of our Committee of Directors / Board of Directors dated [●], finalizing the terms of the Issue including approving the Letter of Offer, Issue Price, Record Date and the Rights Entitlement Ratio.
6. Consents of our, Directors, Company Secretary and Compliance Officer, Statutory Auditor, Bankers to our Company, Bankers to the Issue, Legal Advisor and the Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.
7. Statement of Tax Benefits dated [●] issued by [●].
8. Tripartite Agreement dated [●] between our Company, NSDL and the Registrar to the Company.
9. Tripartite Agreement dated [●] between our Company, CDSL and Registrar to the Company.
10. In-principal approval issued by the BSE Limited dated [●], respectively.
11. In-principal approval issued by the The Calcutta Stock Exchange Limited dated [●], respectively.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We/ I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder. We/ I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by Securities and Exchange Board of India, Government of India and any other competent authority in this behalf, have been duly complied with.

We/ I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-

Devi Singh

(Managing Director)

Sd/-

Yash Chauhan

(Director)

Sd/-

Premaram Jaitaram Patel

(Director)

Sd/-

Chinu Kalal

(Director)