



## TEXEL INDUSTRIES LIMITED

Our Company was originally incorporated as “Texel Plastics Private Limited” as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated August 2, 1989 issued by the Registrar of Companies, Gujarat. Subsequently, our Company was converted into public limited company and a fresh certificate of incorporation dated April 13, 1992 was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli and the name of our Company was changed to “Texel Plastics Limited”. The name of our Company was further changed to ‘Texel Industries Limited’ and fresh certificate of incorporation consequent on change of name dated January 31, 1996 was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. For details of change in the name and address of Registered Office of our Company, see “General Information” on page 41.

**Registered Office:** Block No. 2106, Santej-Khatraj Road, Nr. Gayatri Farm House, Village - Santej, Taluka - Kalol (N.G), District - Gandhinagar- 382721, Gujarat, India.

**Telephone:** +91 8980026220/ 26110 **Email:** [info@geotexelin.com](mailto:info@geotexelin.com);

**Contact Person:** Ms. Shweta Sultania, Company Secretary and Compliance Officer; **Email:** [finance@geotexelin.com](mailto:finance@geotexelin.com); **Website:** [www.geotexelin.com](http://www.geotexelin.com)

**Corporate Identity Number:** L29100GJ1989PLC012576

**OUR PROMOTERS: MR. SHAILESH R. MEHTA, MS. AVANI S. MEHTA, MR. BHUPENDRA R. MEHTA, MS. SONAL B. MEHTA, MR. NARESH R. MEHTA, MS. SUJATA N. MEHTA, MR. RAMANIKLAL V. MEHTA, MS. MUKTA R. MEHTA<sup>5</sup>, MS. AVISHI A. SHAREDALAL, MS. RIDDHI S. PARIKH, MS. RISHITA P. PARIKH AND MR. AMAN N. MEHTA**

**FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF TEXEL INDUSTRIES LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY**

**ISSUE OF UP TO [●] PARTLY PAID-UP EQUITY SHARES WITH A FACE VALUE OF ₹ 10 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] EACH INCLUDING A SHARE PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT UPTO ₹ 1,250 LAKHS\* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 157.**

*\*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares*

### PAYMENT SCHEDULE FOR RIGHTS EQUITY SHARES

Amount Payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	[●]	[●]	[●]
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	[●]	[●]	[●]
<b>Total (₹)</b>	[●]	[●]	[●]

*\*For further details on Payment Schedule, see “Terms of the Issue” on page 157.*

### WILFUL DEFAULTER

**NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS IS DECLARED AS A WILFUL DEFAULTER**

### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Specific attention of the Investors is invited to the section titled “Risk Factors” beginning on page 22.**

### COMPANY’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 regards to the Company and the Issue, which is material in the context of this 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 makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The existing Equity Shares of our Company are listed on BSE Limited (“BSE”/“Stock Exchange”). Our Company has received an “in-principle” approval from BSE for listing of the Rights Equity Shares to be allotted in this Issue pursuant to letter dated [●]. Our Company will also make application to the Stock Exchange to obtain the trading approval for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

### LEAD MANAGER TO THE ISSUE

**VIVRO**

**Vivro Financial Services Private Limited**  
Vivro House, 11, Shashi Colony, Opposite Suvidha Shopping Center,  
Paldi, Ahmedabad - 380007, Gujarat, India.  
**Telephone:** +91-79-4040 4242  
**Email:** [texel@vivro.net](mailto:texel@vivro.net); **Website:** [www.vivro.net](http://www.vivro.net)  
**Investor Grievance Email:** [investors@vivro.net](mailto:investors@vivro.net)  
**Contact Person:** Mili Khamar / Bhargav Parekh  
**SEBI Registration Number:** INM000010122  
**CIN:** U67120GJ1996PTC029182

### REGISTRAR TO THE ISSUE

**LINKIntime**

**Link Intime India Private Limited**  
C 101, 1<sup>st</sup> Floor, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai - 400083, Maharashtra, India.  
**Telephone:** + 91-22-4918 6200  
**Email:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)  
**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)  
**Investor Grievance Email:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)  
**Contact Person:** Sumeet Deshpande  
**SEBI Registration Number:** INR000004058

### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON <sup>#</sup>
[●]	[●]	[●]

<sup>5</sup> As on date, Ms. Mukta R. Mehta is deceased and the transmission of her shareholding is pending.

\*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.

<sup>#</sup>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, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. The words and expressions used in this Draft Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the Depositories Act, and/or the rules and regulations made thereunder, each as amended. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.*

*Notwithstanding the foregoing, terms used in sections/chapters titled “Industry Overview”, “Summary of this Draft Letter Of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults” and “Terms of the Issue” on pages 64, 20, 87, 60, 147 and 157 respectively, shall have the meaning given to such terms in such sections/chapters.*

#### General Terms

Term	Description
“Texel Industries Limited” or “our Company”, or “the Company” or “the Issuer”, “we”, “us”, or “our”	Texel Industries Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Block No. 2106, Santej-Khatraj Road, Nr. Gayatri Farm House, Village - Santej, Taluka - Kalol (N.G), District - Gandhinagar- 382721, Gujarat, India

#### Company Related Terms

Terms	Description
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. Sunil Poddar & Co., Chartered Accountant
Audited Consolidated Financial Statements/ Audited Consolidated Financial Information	The consolidated audited financial statements of our Company for the financial year ended March 31, 2020 which comprises of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended on that date, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details, see “Financial Statements” on page 87.
Board / Board of Directors	The Board of Directors of our Company, including duly constituted committee thereof, as the context may refer to.
Director(s)	The director(s) on the Board of our Company, unless otherwise specified.
Equity Shares / Shares	Equity Shares of a face value of ₹ 10 each of our Company, unless otherwise specified in the context thereof.
Equity Shareholder(s)/ Shareholder(s)	The equity shareholders of our Company, from time to time
Internal Auditors	M/s. Pabari & Company, Chartered Accountants.
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 Managerial Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “Our

Terms	Description
	<i>Management – Key Management Personnel</i> ” on page 85.
Existing Manufacturing Facility	Our existing manufacturing facility located Block No. 2106, Santej-Khatraj Road, Nr. Gayatri Farm House, Village - Santej, Taluka - Kalol (N.G), District - Gandhinagar- 382 721, Gujarat, India.
Manufacturing Facilities	Our Existing Manufacturing Facility and New Manufacturing Facility
Memorandum of Association/ MoA	The Memorandum of Association of our Company, as amended from time to time.
New Manufacturing Facility / Proposal Expansion	Our proposed new manufacturing facility located at Unit No. P-2 (Survey Nos. 553, 588, 589, 590, 591 & 593), Prime Industrial and Logistics Hub, Mouje-Hariyala, Taluka & District: Kheda, Gujarat, India.
Policy of Materiality	Company’s policy on disclosure of material events framed in accordance with Regulation 30 of SEBI Listing Regulations approved by our Board pursuant to its resolution dated February 9, 2021
Promoter(s)	The Promoters of our Company, namely Mr. Shailesh R Mehta, Ms. Avani S. Mehta, Mr. Bhupendra R. Mehta, Ms. Sonal B. Mehta, Mr. Naresh R. Mehta, Ms. Sujata N. Mehta, Mr. Ramniklal V. Mehta, Ms. Mukta R. Mehta*, Ms. Avishi A. Sharedalal, Ms. Riddhi S. Parikh, Ms. Rishita P. Parikh and Mr. Aman N. Mehta  <i>*As on date, Ms. Mukta R. Mehta is deceased and the transmission of her shareholding is pending</i>
Promoter Group	The persons and entities forming part of the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Registered Office	The registered office of our Company situated at Block No. 2106, Santej-Khatraj Road, Nr. Gayatri Farm House, Village - Santej, Taluka - Kalol (N.G), District - Gandhinagar- 382721, Gujarat, India
Registrar of Companies / ROC	The Registrar of Companies, Gujarat, located at Ahmedabad.
Subsidiary / Subsidiary Company / our Subsidiary	Subsidiary of our Company as defined under Companies Act, 2013 and the applicable accounting standard, namely, Texel Industries (Africa) Limited. For details, see “ <i>Financial Statements</i> ” on page 87.
Unaudited Consolidated Financial Results / Limited Review Interim Unaudited Consolidated Financial Results	The limited review unaudited consolidated financial results of our Company for the nine months period ended December 31, 2020, including the notes thereto and the report thereon. For details, see “ <i>Financial Information</i> ” on page 87.

#### Issue Related Terms

Term	Description
Abridged Letter of Offer/ ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders as on the Record Date 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.
Allotment / Allot / Allotted	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.
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	The note or advice or intimation of Allotment sent to the Investors, who have been or are to be allotted the Rights Equity Shares pursuant to this Issue.
Allotment Date	The date on which the Allotment is made pursuant to this Issue.

<b>Term</b>	<b>Description</b>
Allottee(s)	Persons to whom Rights Equity Shares of our Company are Allotted pursuant to this Issue.
Applicant(s) / Investors	Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer.
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through R-WAP facility or 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. ₹ [●] in respect of the 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 SCSB.
ASBA Account	An account maintained with an SCSB and 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
Bankers to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being [●].
Banker to the Issue Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants and providing such other facilities and services as specified in the agreement.
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 “ <i>Terms of the Issue</i> ” on page 157.
Call(s)	The notice(s) issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date(s) 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 ₹ [●] per Rights Equity Share after payment of the Application Money.
Call Record Date(s)	For further details, see “ <i>Terms of the Issue</i> ” beginning on page 157. The record date(s) 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(s).
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time or at such other website(s) as may be prescribed by the 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 Application Form or the plain paper Application, as the case may be, from the ASBA Investors and a list of which is available at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time or at such other website(s) as may be prescribed by

Term	Description
	the SEBI from time to time.
Designated Stock Exchange	BSE
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the SEBI (Depositories and Participant) 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 June 21, 2021 filed with the Stock Exchange.
Eligible Equity Shareholders / Eligible Shareholders/	Holders of Equity Shares of our Company as on the Record Date, i.e. [●].
Escrow Account	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 making an Application through the R-WAP facility.
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, [●].
Issue / Rights Issue	Issue of up to [●] Rights Equity Shares for cash at a price of ₹[●] per Rights Equity Share, including a share premium of ₹[●] per Rights Equity Share, for an aggregate amount up to ₹ 1,250 Lakhs* on a rights basis by our Company to Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for every [●] fully paid-up Equity Share(s) held by the Eligible Equity Shareholders on the Record Date i.e. [●].  <i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</i>
Issue Agreement	Issue agreement dated June 19, 2021 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
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 can submit their Applications, in accordance with the SEBI ICDR Regulations. ₹ [●] per Rights Equity Share.
Issue Price	On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, in one or more subsequent Call(s), as determined by our Board at its sole discretion.
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	The issue of up to [●] Rights Equity Shares aggregating to an amount up to ₹ 1,250 Lakhs*.  <i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</i>
Lead Manager/ Lead Manager to the Issue	Vivro Financial Services Private Limited
Letter of Offer / LOF	The final letter of offer to be issued by our Company in connection with the Issue.
Listing Agreement	Uniform listing agreement entered into under the Listing Regulations between our Company and the Stock Exchange.
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 Rights Equity Shares with/ without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, see “Objects of the Issue” on page 50.

Term	Description																
Non – ASBA investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process.																
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.																
Off Market Renunciation	The renunciation 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 and the circulars issued by the Depositories, from time to time, and other applicable laws.																
Offer Document	The Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer including any notices, corrigenda thereto.																
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, which should be completed on or before [●].																
Payment Schedule	Payment Schedule is as follows: <table><tr><th>Amount Payable per Rights Equity Share<sup>(1)</sup></th><th>Face Value (₹)</th><th>Premium (₹)</th><th>Total (₹)</th></tr><tr><td>On Application</td><td>[●]</td><td>[●]</td><td>[●]<sup>(2)</sup></td></tr><tr><td>One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time</td><td>[●]</td><td>[●]</td><td>[●]<sup>(3)</sup></td></tr><tr><td><b>Total (₹)</b></td><td><b>[●]</b></td><td><b>[●]</b></td><td><b>[●]</b></td></tr></table> <p><sup>(1)</sup>For further details on Payment Schedule, see “Terms of the Issue” on page 157. <sup>(2)</sup>Constitutes [●]% of the Issue Price <sup>(3)</sup>Constitutes [●]% of the Issue Price</p>	Amount Payable per Rights Equity Share <sup>(1)</sup>	Face Value (₹)	Premium (₹)	Total (₹)	On Application	[●]	[●]	[●] <sup>(2)</sup>	One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	[●]	[●]	[●] <sup>(3)</sup>	<b>Total (₹)</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>
Amount Payable per Rights Equity Share <sup>(1)</sup>	Face Value (₹)	Premium (₹)	Total (₹)														
On Application	[●]	[●]	[●] <sup>(2)</sup>														
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	[●]	[●]	[●] <sup>(3)</sup>														
<b>Total (₹)</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>														
QIBs / 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 to the Issue / Registrar and Transfer Agent / RTA	Link Intime India Private Limited																
Registrar Agreement	Agreement dated June 19, 2021 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility.																
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 Circulars, the Companies Act and any other applicable law.																
Renunciation Period	The period during which the Eligible Equity Shareholders 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 the renunciation through Off Market Renunciation 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.																
Retail Individual Investor(s)	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 as on the Record Date, being [●] Rights Equity Share(s) for																



Term	Description
	every [●] Equity Share(s) held by the Eligible Equity Shareholder on the Record Date.
	Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circulars, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and the link of which is available on the website of our Company.
Rights Equity Shares / Rights Shares	Equity Shares of our Company to be Allotted pursuant to the Issue.
R-WAP	Registrar’s web based application platform accessible at <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> , instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 for accessing/ submitting online Application Forms by resident Investors.
Self-Certified Bank / SCSBs	Syndicate The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer the facility of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , and as updated from time to time.
Stock Exchange	BSE, where the Equity Shares of our 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	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Days	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai and Ahmedabad are open for business; provided however, with reference to Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai and Ahmedabad are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchange, “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays.

#### Business and Industry related Terms / Abbreviations

Term	Description
BOT	Build Operate Transfer
CSS	Central Sector Scheme
D&B India	Dun & Bradstreet Information Services India Private Limited
D&B Report	Geosynthetics Industry in India – May 2021
DFC	Dedicated Freight Corridor
DPR	Design Problem Report
GCL	Geosynthetic clay liners
GDP	Gross Domestic Product
GPCB	Gujarat Pollution Control Board
HDPE	High-Density Polyethylene
HMNEM	Horticulture Mission for North-East & Himalayan States
HSN	Harmonized System of Nomenclature

<b>Term</b>	<b>Description</b>
LDPE	Low-Density Polyethylene
LLDPE	Linear Low-Density Polyethylene
MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoRTH	Ministry of Road Transport Highways
MSE	Mechanically Stabilized Earth
OCI	Other Comprehensive Income
PPP	Public-Private Partnership
RCC	Reinforced Cement Concrete
(SWM 2016)	Sewage Waste Management Rule 2016
UV	Ultraviolet
WSDP	Water Sector Development Program

### Conventional and General Terms or Abbreviations

<b>Term</b>	<b>Description</b>
“₹”/ “Rs.”/ “Rupees”/ “INR”	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended from time to time
A.Y.	Assessment Year
Bn	Billion
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013, as amended from time to time and the rules made thereunder
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 as amended from time to time
DIN	Director Identification Number
DP/ Depository Participant	Depository Participant as defined under the Depositories Act
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
FDI	Foreign Direct Investment
FEMA Act / FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations promulgated there under and any amendments thereto.
FEMA Rule	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Fiscal/ Fiscal Year/ Financial Year/ FY	Period of 12 months commencing from April 1 and ending on March 31 of that particular year, unless otherwise stated
FPI/ Foreign Portfolio Investor	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

<b>Term</b>	<b>Description</b>
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product
Government/ Government of India/ GoI	Government of India
GST	Goods and Service Tax
HUF	Hindu Undivided Family
IBS	Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financing 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	SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
IT	Information Technology
I.T. Act/ IT Act	Income Tax Act, 1961
I. T. Rules	Income Tax Rules, 1962, as amended from time to time.
Kms	Kilometers
Lakh	One hundred thousand
LM	Lead Manager
Listing Agreement	The listing agreement entered into by our Company with the Stock Exchange
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
m.m	Millimeter
Mn	Million
MoU	Memorandum of Understanding
MT	Metric Ton
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) 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, write-back of depreciation and amalgamation
NFSM	National Food Security Mission
NFDB	National Fisheries Development Board
NHAI	National Highway Authority of India
NHM	National Horticulture Mission
NHDP	National Highway Development Project
NIP	National Infrastructure Pipeline
NI Act	Negotiable Instruments Act, 1881
NMOOP	National Mission on Oilseeds and Oil Plans
NMSA	National Mission for Sustainable Agriculture
NR	Non Resident

<b>Term</b>	<b>Description</b>
NRE	Non Resident External Account
NRI	Non Resident Indian
NRO Account	Non-resident ordinary account
NSDL	National Securities Depositories 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	Person acting in concern
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
Regulation S	Regulations S under the Securities Act
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended from time to time
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time
SEBI ICDR Regulations / ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 read with SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/2020/78 dated May 6, 2020, bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021
SEBI Takeover Regulations/ SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended from time to time
SDR	Strategic Debt Restructuring
SICA	Sick Industrial Companies (Special Provisions) Act, 1985.
STT	Securities Transaction Tax

<b>Term</b>	<b>Description</b>
Sq.ft	Square Feet
Sq.m	Square meter
TAN	Tax Deduction Account Number
Trade Marks Act	Trade Marks Act, 1999
UAE	United Arab Emirates
UK	United Kingdom
U.S./ United States/USA	The United States of America
USD / US\$	United States Dollars
US Securities Act/ Securities Act	The United States Securities Act of 1933, as amended from time to time
VCFs	Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

## NOTICE TO INVESTORS

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are 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 such 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 such 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. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials. Further, the Letter of Offer will be provided through e-mail by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to Registrar and who make a request in this regard. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchange, and on R-WAP, subject to the applicable law.

Our Company shall also endeavor to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit this 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 the Issue Materials may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Issue Materials must be treated as sent for information only and should not be copied, redistributed or acted upon for subscription to Rights Equity Shares or the purchase of Rights Entitlements. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations or would subject the Company, Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If Issue Materials is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in Issue Materials. Envelopes containing an Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

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

**The contents of this Draft Letter of Offer, Letter of Offer and Abridged Letter of Offer should not be construed as business, legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager nor any of their respective affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or the Rights Entitlements 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 United States Securities Act, 1933, as amended ("**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("**Regulation S**"), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this Draft Letter of Offer/ the Letter of Offer are being offered in India and in jurisdictions where such offer and sale of the Rights Equity Shares and/ Or Rights Entitlements are permitted under laws of such jurisdictions, but not in the United States. The offering to which this Draft Letter of Offer, the Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, this Draft Letter of Offer, the Letter of Offer / Abridged Letter of Offer, Rights Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions 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 payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

**We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we 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 in respect of any such Application Form.**

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

**The Rights Entitlements and the Rights Equity Shares offered in the Issue have not been approved or recommended by the securities authority or other regulatory authority of any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.**

**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.**

## **CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references to 'India' contained in this Draft Letter of Offer are to the Republic of India and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, all references in this Draft Letter of Offer are in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

### **Financial Data**

Unless stated or the context requires otherwise, our financial data included in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. For further information, see "*Financial Information*" on page 87.

We have prepared our Audited Consolidated Financial Statements in accordance with Indian Accounting Standards and Unaudited Consolidated Financial Results in accordance with IND AS 34, prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

Our Company's Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal, unless stated otherwise, are to the 12 months period ending on March 31 of that particular calendar year.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in lakhs.

### **Market and Industry Data**

Unless stated otherwise, market and industry data used in this Draft Letter of Offer has been obtained or derived from report titled "*Geosynthetics Industry in India – May 2021*" (referred as "**D&B Report**") prepared by Dun & Bradstreet Information Services India Private Limited ("**D&B India**"). The D&B Report has been prepared at the request of our Company.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but that the 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.

The Industry data used in this Draft Letter of Offer has not been independently verified by our Company or the Lead Manager, or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – We have commissioned a report from D&B India which has been used for industry related data in this Draft Letter of Offer and such data has not been independently verified by us.*" on page 33. Accordingly, investment decisions should not be based solely on such information.

The extent to which market and industry data used in this Draft Letter of Offer is meaningful depends on the reader's familiarity with and understanding of methodologies used in compiling such data. There are no



standard data gathering methodologies in the industry in which our business is conducted, and methodologies and assumptions may vary widely among different industry sources.

### Currency of Presentation

All references to 'INR', '₹', 'Indian Rupees', 'Rs.' and 'Rupees' are to the official currency of the Republic of India. All reference to 'US\$', 'USD', '\$' and 'U.S. Dollars' are to the United States Dollars, the official currency of the United States of America and all references to "Euro" or "€" are to Euro, the official currency of the European Union.

Certain numerical information has been presented in this Draft Letter of Offer in "Lakhs" units. 1,00,000 represents one lakh, 1,00,00,000 represents one crore, 10,00,000 represents one million and 1,000,000,000 represents one billion.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in Lakh.

### Exchange Rate

The following tables provide information with respect to the exchange rate for the Indian rupee per unit of a foreign currency. The exchange rates are based on the reference rates released by the Reserve Bank of India or Financial Benchmarks India Private Limited, as the case may be. No representation is made that any rupee amounts could have been, or could be, converted into such foreign currency at any particular rate, the rates stated below, or at all.

Currency	<i>(₹ per unit of foreign currency)</i>		
	Exchange rate as on		
	March 31, 2021	March 31, 2020	March 31, 2019
1 US \$	73.50	75.39	69.17
1 Euro	86.09	83.04	77.70

(Source: [www.fbil.org.in](http://www.fbil.org.in))

Wherever the exchange rate was not available on account of March 31<sup>st</sup> being a holiday, the exchange rate as of the immediately preceding working day has been provided.

## FORWARD LOOKING STATEMENTS

Our Company has included statements in this Draft Letter of Offer which contain 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:

- The impact of COVID-19 pandemic which may affect our financial performance in future periods and it may otherwise have material adverse effects on our results of operations, financial condition, and/or our cash flows;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Increase in the prices of our raw material or any decrease in the supply of our raw materials;
- Fluctuations in operating costs and impact on the financial results;
- Decrease in demand of our products or failure to accurately forecast and manage inventory;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations;
- strikes or work stoppages by our employees or contract labour;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- Changes in laws and regulations relating to the industries in which we operate;
- 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 22 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, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, 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/ Stock Exchange requirements, our Company and Lead Manager 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”, “Our Business” and “Outstanding Litigations and Defaults” on pages 22, 50, 77 and 147, respectively.*

### Summary of our Business

Established in 1989, we are an ISO 9001:2015 certified company engaged in manufacturing of tarpaulins and geomembranes with an experience of more than three decades. We manufacture a wide range of geosynthetic textile products which includes tarpaulins, geomembranes, vermibed, geotank, geotube, grow bags azollabed, and water proof membrane. Our products are used in agriculture, aquaculture, horticulture, animal husbandry, civil engineering, water harvesting, water conservation and disaster relief, landscaping, transportation and waste management.

Presently, we have one manufacturing facility which is located at Santej, Gandhinagar district, Gujarat. We have an installed manufacturing capacity of 9,000 MT per annum for geosynthetics textile products including tarpaulins. We are in the process of setting up a new manufacturing facility at Unit No. P-2, Prime Industrial and Logistic Hub, Mouje- Hariyala, Taluka & District: Kheda, Gujarat which will expand our installed manufacturing capacity by 10,080 MT per annum for geosynthetics products.

Our products cater to different customers such as government departments, government organizations and private businesses and farmers. Our products are also sold to farmers through government tenders and market our products online. Our customers are from different industries which include agriculture, infrastructure and irrigation.

### Objects of the Issue

We intend to utilize the gross proceeds raised through the Issue (the “**Gross Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the following objects (collectively, referred to as the “**Objects**”):

(₹ in Lakhs)		
Sr. No.	Particulars	Amount
1	Setting up New Manufacturing Facility at Hariyala, Kheda district, Gujarat.	1,150.00
2	General corporate purposes*	●
<b>Net Proceeds</b>		●

*\*the amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

For further details, see “*Objects of the Issue*” on page 50.

### Intention and extent of participation by our Promoters and Promoter Group

Pursuant to the letter dated June 18, 2021 (“**Subscription Letter**”), Mr. Shailesh R. Mehta, one of our Promoters, has confirmed that he, along with other Promoters and members of the Promoter Group of the Company, intend to subscribe, jointly and / or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoters or member of the Promoter Group of our Company). Further, our Promoters and members of the Promoter Group also reserve the right to subscribe to Additional Rights Equity Shares, over and above their Rights Entitlements for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations and subscribe to unsubscribed portion of the Issue, if any subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by the Promoters and Promoter Group, over and above their Rights Entitlements, if any, shall not result in change in control of the management of the Company and shall be in accordance with the provisions of the SEBI Takeover Regulations. 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.

### Summary of outstanding litigations and Defaults

The following table sets forth the summary of outstanding litigations involving our Company and our Subsidiary as on the date of this Draft Letter of Offer:

Nature of Cases	No. of Outstanding Cases	Amount Involved (₹ in Lakhs)
<b>Litigations involving our Company</b>		
Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the Company.	Nil	Nil
Proceedings involving moral turpitude or criminal liability the part of our Company	Nil	Nil
Proceedings involving material violations of statutory regulation by our Company	1	Unascertainable
Matters involving economic offences where proceedings have been initiated against our Company	Nil	Nil
Other select proceedings involving our Company which not are material in terms of the Materiality Policy	1	Unascertainable
<b>Litigations involving our Subsidiary</b>	Nil	Nil

For further details, see “*Outstanding Litigations and Defaults*” on page 147.

### 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 22.

### Contingent liabilities

For details regarding our contingent liabilities, see “*Financial Information*” on page 87.

### Related party transactions

For details of our related party transactions, see “*Financial Information*” on page 87.

### Issue of Equity Shares for consideration other than cash in last one year

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

## SECTION II: RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, results of operations, cash flows and financial condition.*

*If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, the Equity Shares could decline and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with the section “Financial Statements” on page 87. You should also consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

*This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates 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. See “Forward-Looking Statements” on page 18.*

*Unless otherwise stated or unless the context otherwise requires, all financial information of our Company used in this section has been derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. Unless specified or quantified in the relevant risk factors below, our Company is not in a position to quantify the financial or other implications of any of the risks described in this section.*

*The following factors have been considered for determining the materiality of Risk Factors:*

- *Some risks may not be material individually but may be found material collectively;*
- *Some risks may have an impact qualitatively instead of quantitatively;*
- *Some risks may not be material at present but may have material impact in future.*

### **Internal Risk Factors**

#### ***1. The COVID-19 pandemic and resulting deterioration of general economic conditions has impacted our business and results of operations and further impact will depend on future developments, which are highly uncertain.***

The outbreak of COVID-19 was recognized as a public health emergency of international concern on January 30, 2020 and as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, had/have taken preventive or protective actions, such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses, including the geosynthetic industry in which our Company operates and from where it derives substantial revenues and profits.

The COVID-19 pandemic and government actions to contain it have significantly increased economic uncertainty, and have reduced economic activity. The extent of the resulting impact on our business and results of operations will depend, among other things, on the duration and severity of the pandemic, the nature and scope of government actions to contain it, and the potential impact on global and national economic conditions, including inflation, interest rates, availability of capital markets, consumer spending rates, energy availability and costs.

The COVID-19 pandemic and related volatility in financial markets and deterioration of national and global economic conditions could affect our business and operations in a variety of ways. For example, we experienced operational disruptions and financial losses as a result of the following:

- a temporary shutdown of our Existing Manufacturing Facility commencing from March 24, 2020 to April 23, 2020 due to government restrictions or illness in connection with COVID-19 and thereafter, manufacturing activity was partially resumed at the Existing Manufacturing Facility. Further, on further relaxation of lock-down measures, there was improvement in plant operations from May 20, 2020 onwards;
- a decrease in demand for our components as a result of COVID-19 on account of government restrictions imposed;
- supply chain disruptions for us from local suppliers due to a shortage of working capital;
- a significant percentage of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home order;
- our strategic projects becoming delayed or postponed;
- our inability to collect full or partial payments from customers owing to their liquidity constraints and our inability to make payments to suppliers due to delay in collections and other liquidity issues.

The COVID-19 pandemic could continue to have an impact that may worsen for an unknown period of time. In view of the onslaught of another wave of the virus, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Accordingly, our results of operations were negatively impacted during the the nine months ended December 31, 2020. Our revenue from operations for the nine months ended December 31, 2020 was ₹ 5,504.14 Lakhs compared to ₹7,568.21 Lakhs for nine months ended December 31, 2019. In addition, the spread of COVID-19 has caused us to modify our business practices and implement significant proactive measures to protect the health and safety of our employees. There is no certainty that such measures will be sufficient to mitigate the risks posed by the pandemic.

Presently, India has been impacted by the second wave of coronavirus and lockdowns have been imposed in various parts of the country including in such regions where Existing Manufacturing Facility and the New Manufacturing Facility are located. We cannot predict by when our Company's operations shall resume to normalcy. Further, any material effect of COVID-19 on our customers, suppliers and other business partners, could adversely impact us. Adverse consequences of, and conditions resulting from, the COVID-19 pandemic may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition even after the COVID-19 outbreak has subsided.

**2. *In the past, our Company was declared a sick company on account of its inability to pay its debtors. Although, the Company's accounts were regularised following the BIFR proceedings, there is no assurance that such proceedings or actions may not be commenced in the future.***

In the year 2002, our Company had been declared a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The net worth of the Company was completely eroded for the financial year ended March 31, 2001. Hence, The Company had filed a reference application with Hon'ble Board of Industrial and Financial Reconstruction seeking registration as a Sick Industrial Company and requesting for appropriate measures to revive it and accordingly, our Company was declared as a Sick Company. In the year 2006, BIFR passed an order for winding up of our Company against which our Company filed an appeal before the Hon'ble Appellate Authority for Industrial and Financial Reconstruction and the matter was remanded back to BIFR. Our Company then submitted a rehabilitation proposal to the BIFR and the BIFR sanctioned the Rehabilitation Scheme of our Company under its Order dated August 31, 2015. The sanctioned Rehabilitation Scheme was to be effective from April 1, 2013 until March 31, 2019. Further, in pursuance of the Rehabilitation Scheme, the Hon'ble High Court of Gujarat vide its Order dated August 26, 2016 sanctioned reduction of the then existing equity capital of the Company by 50%. Accordingly, the Company implemented the Rehabilitation Scheme. However, our future operating results are difficult to predict and may differ from period to period and our recent results of operations should not be viewed as an indication of the success of our revitalization plan or of our future results.

3. ***In the past, the trading in the Equity Shares of our Company was suspended. There can be no assurance that similar regulatory action will not occur in the future, which could materially and adversely affect our business, results of operations and financial condition and as a result, our reputation and business.***

The trading in the Equity Shares of our Company was suspended from September 10, 2001 to November 12, 2019 by the BSE due to penal reasons. The BSE revoked the suspension of trading in Equity Shares of our Company w.e.f. November 13, 2019. There can be no assurance that similar regulatory action will not occur in the future, which could materially and adversely affect our Company's business, results of operations and financial condition and as a result, our reputation and business.

4. ***Our New Manufacturing Facility is being undertaken on premises which have been taken on lease basis.***

Our Company has taken on lease basis premises for our New Manufacturing Facility located at Unit No. "P-2" - Prime Industrial & Logistics Hub, Mouje Hariyala, Taluka & District: Kheda, Gujarat. The lease period is of 9 (nine) years with effect from June 1, 2020 with a lock-in period of 6 (six) years during which none of the parties can exit the lease. Our Company also has an option of further renewal of the lease for 9 (nine) years on same terms and conditions. The lease arrangement grants our Company the right to use the said premises for manufacturing geosynthetic products and other allied business. As per the terms of the lease arrangement, the lessor may terminate the agreement pursuant to specified notice period if our Company is in arrears of lease rental payments. A loss of our Company's interests in the said premises, including through actual or alleged non-compliance with the terms of the lease arrangements, the termination of lease by the lessor, or an inability to secure renewal thereof on commercially reasonable terms when they expire, would interfere with our Company's ability to operate its current operations thus affecting its financial performance. The cost of relocating a site is significant. We may not be able to pass these costs on to our customers and any such relocation could cause disruption to our customers. In addition, we may not always have the ability to access, analyse and verify all information regarding title and other issues prior to entering into lease in respect of the leased site, and to the extent there is any defect in the titles of any of such leased/rent site, our Company's ability to continue operating at such leased site may be adversely affected.

5. ***Our Company continues to utilise certain premises for warehousing/ storage purposes for which there are no existing valid leave and license agreements.***

Our Company had previously entered into certain leave and license agreements for a term of approximately 11 (eleven) months with third parties to take certain premises on leave and license basis in various states in India for storage of the Company's products. As on date, these agreements have expired and the Company has been unable to renew the same on account of lock-down restrictions in India due to COVID-19. The Company continues to use the various premises on the basis of mutual understanding between the parties. Further, our Company is utilising certain premises for storage purposes based on consent given under letters by the owners of such premises. However, there are no formal agreements in favour of the Company permitting the usage of the said premises. In the event, the Company is unable to renew such agreements or execute new leave and license agreements, as may be required or the third parties decide to discontinue the mutual arrangement with the Company, then the Company will be required to vacate the premises immediately. Such interruption may have an adverse effect on our business, financial condition and future results of operations.

6. ***A select group of our customers contribute significantly to our revenues and failure to retain one or more of them will have an adverse effect on our financial performance and results of operations.***

We derive a significant portion of our revenues from our Company's top 10 customers. For nine months period ended December 31, 2020 and for Fiscal 2020, revenue from our top 10 customers accounted for 39.56% and 22.31% respectively, of our total revenue from operations. While our top 10 customers are not necessarily the same every year, the top 10 customers contribute a significant portion of our revenues.

In order to facilitate a consequent increase in our sales and to reduce the dependence on few customers, our management constantly endeavours to increase our clientele. However, there can be no assurance that we will be able to add new customers or retain these existing customers. Any deterioration in our relationship with any of them would have a significant adverse impact on our business and financial condition.



**7. *We require certain approvals or licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations.***

We require certain statutory and regulatory permits, licenses and approvals to carry out our business operations. A majority of the approvals are granted for a limited duration and for a specific capacity and must be periodically renewed. We have applied for or are in the process of applying for such approvals or their renewal. Further, our capacity for certain products varies at times to the approvals. We may also be required to obtain new licenses, registrations and approvals for any proposed operations, including any expansion of existing operations. The Company is in the process of renewing the contract labour approvals required for engaging contract labour at the Existing Manufacturing Facility. Moreover, the Company is yet to receive its registration certificate under the Contract Labour (Regulation and Abolition) Act, 1970. There can be no assurance that the relevant authorities will issue or renew such licenses, registrations and approvals in a timely manner or at all. For some of the approvals which may have expired, we may have either made or are in the process of making an application for obtaining the approval or its renewal. We cannot assure you that we will receive these approvals and registrations in a timely manner or at all.

We cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Further, if we are unable to obtain or renew necessary permits, licenses and approvals on acceptable terms, in a timely manner or at all, our business, financial conditions and operations may be adversely affected.

**8. *Underutilization of capacity of our Existing Manufacturing Facility or the New Manufacturing Facility may adversely affect our business, results of operations and financial condition.***

Currently our Company has installed capacity for manufacturing of 9,000 MT per annum of geosynthetic textile products including tarpaulins at our Existing Manufacturing Facility, which is currently utilised to the extent of 60.48%. The present underutilization of capacity is on account of the excessive rains due to which the installation process of our geomembrane products are being affected extensively and our operations were also impacted due to COVID-19 pandemic. We propose to set up a fully integrated manufacturing facility with installed capacity of 10,080 MT per annum. We will incur significant capital expenditure on setting up the same. We cannot assure that we shall be able to utilize our Manufacturing Facilities to their full capacity or up to an optimum capacity and non-utilisation of the same may lead to loss of profits or can result in losses, and may adversely affect our business, results of operations and financial condition. Even use of the proposed production capacity is subject to several variables like availability of raw material, power, water, proper working of machinery, orders on hand, supply/demand, manpower, etc. While setting-up of New Manufacturing Facility is to enhance the present capacities of the Company, there cannot be any assurance that the proposed capacity would be utilized to its full extent.

**9. *The shortage or non-availability of power and water facilities may adversely affect our manufacturing process and have an adverse impact on our results of operations and financial condition.***

Our manufacturing process requires substantial amount of power and water facilities. We have entered into a power supply agreement with Uttar Gujarat Vij Company Limited for supply to electricity at our Existing Manufacturing Facility. Our Company will enter into power supply agreement with Madhya Gujarat Vij Company Limited (“MGVCL”) for our New Manufacturing Facility. MGVCL has vide letter NC/Tech1/HT/5078 dated November 11, 2020 provided estimated cost of ₹ 35.50 Lakhs for power connection charges which is considered as part of total cost of the project. Total estimated power requirement for the New Manufacturing Facility is 1300 KW per annum. However, we cannot assure you that our Manufacturing Facilities remain operational during power failures. We currently source our water requirement from a borewell at our Existing Manufacturing Facility. In terms of the lease deed entered with Waleed Associates, Waleed Associates will provide water supply facilities to our Company at the New Manufacturing Facility. Accordingly, our Company intends to utilise supply of water from a borewell situated at Prime Industrial and Logistics Hub, Mouje- Hariyala, Taluka & District: Kheda, Gujarat for our New Manufacturing Facility. We have not made any alternate arrangements for supply of water and power for our Manufacturing Facilities. Further, pursuant to the Notification dated September 24, 2020 issued by the Ministry of Jal Shakti (Department of Water Resources, River Development and Ganga Rejuvenation) (Central Ground Water Authority), now the Company is also required to apply to the appropriate authorities to seek permission to continue to use of the borewell at its Existing Manufacturing Facility.

However, the Company is yet to make the relevant application. If our Company fails to obtain the necessary permission to continue the usage of the borewell, then it may require to arrange for alternate sources of water supply and also be exposed to penal consequences, if any, levied on it by the relevant authorities. Any disruption/ non-availability of power or water or any failure on our part to arrange alternate sources of electricity and water supply, in a timely manner and at an acceptable cost shall directly affect our production which in turn shall have an impact on operations and results of our Company.

**10. Our Company is party to certain legal proceedings. Any adverse decision in such proceedings may have an adverse effect on our business, results of operations and financial condition.**

Our Company is party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and forums. Mentioned below are the details of the legal proceedings against our Company as disclosed in this Draft Letter of Offer.

Sr. No.	Nature of Case	No. of Outstanding cases	Amount in dispute/demanded to the extent quantifiable (₹ in Lakhs)
i.	Litigations filed against our Company	2	Unascertainable

There can be no assurance that these litigations will be decided in favour of the Company and consequently it may divert the attention of our management and Promoters and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us, there could be an adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For the details see the chapter titled “*Outstanding Litigations and Material Developments*” on page 147.

**11. Our loan agreement with our lender has several restrictive covenants and certain unconditional rights in favour of the lender, which could restrict our ability to expand, in turn affecting our business and results of operations.**

We have entered into an agreement for long term borrowings with our lender bank. As on March 31, 2021, an aggregate of ₹421.06 Lakhs as term loan was outstanding towards loans availed from bank. The credit facilities availed by our Company are secured by way of mortgage of the immovable property of Company and also hypothecation of the plant and machinery and vehicles. Our Promoter, Mr. Shailesh R. Mehta has pledged 10,44,585 Equity Shares held by him. In case we are not able to repay our loans in time, the same may amount to a default under the loan documentation and all the penal and termination provisions therein would get triggered and the loans granted to the Company may be recalled with penal interest. This could severely affect our operations and financial condition. In addition to the above, our loan documentation includes certain conditions and covenants that require us to obtain consents from the lender bank prior to carrying out certain activities like changing shareholding/ directorship/ ownership, incurring additional indebtedness and creating any encumbrances on its assets. The lender also has the right to revoke the credit facilities at any time. Any failure to comply with any condition or covenant under our loan agreement that is not waived by the lending bank or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under the said credit facilities, which may adversely affect our ability to conduct our business and operations or implement our business plans. Further, the said credit facilities can be renewed/ enhanced/ cancelled/ suspended/ reduced and the terms and conditions of the same can be altered by the lender, at their discretion. In the event, the lending bank refuse to renew/ enhance the credit facilities and/or cancel/ suspend/ reduce the said credit facilities and/or alter the terms and conditions to our derogation, then our existing operations as well as our future business prospects and financial condition may be severely affected.

**12. There may be changes in the estimated project cost.**

Currently, we have placed orders for 97% of the plant and machinery required to be utilized in the Proposed Expansion and the total cost of the plant and machinery required by us is estimated to be ₹2,314.90 Lakhs. We may have to revise our expenditure and fund requirements as a result of variations in cost estimates on account of variety of factors such as changes in our financial condition, business or strategy, change in quotation for machinery, revision in purchase orders as well as external factors which may not be in our control and may entail rescheduling and revising the planned expenditure and funding

requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management.

**13. Our Subsidiary has incurred losses, for Fiscal 2020, which may adversely impact our financial condition.**

Our Subsidiary, has incurred loss amounting to ₹100.27 Lakhs for Fiscal 2020. Sustained financial losses by our Subsidiary may not be perceived positively by external parties such as customers, bankers and suppliers, which may affect our credibility and business operations. There is no assurance that our Subsidiary will not incur losses in future periods or that there will not be an adverse effect on our Company's reputation or business as a result of such losses.

**14. We have certain contingent liabilities that have not been provided for in our Company's financials which if materialized, could adversely affect our financial condition.**

As per our Audited Consolidated Financial Statements for Fiscal 2020, our contingent liabilities were as follows:

(₹ in Lakhs)	
<b>Particulars</b>	<b>For Fiscal 2020</b>
EPF Interest and Damages	11.31
Income Tax demand for AY 2018-19	14.62
Bank Guarantee	145.27
<b>Total</b>	<b>171.20</b>

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected. For further details, see the section entitled "Financial Statements" on page 87.

**15. The loss, shutdown or slowdown of operations at our Manufacturing Facilities could have a material adverse effect on the Company's results of operations and financial condition.**

Our Manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect the Company's operations by causing production facilities to shut down or slow down. Although the Company takes reasonable precautions to minimize the risk of any significant operational problems at its facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on the Company's results of operations and financial condition.

Further, due to the outbreak of COVID-19 followed by the lockdown declared by the Government authorities, our Existing Manufacturing Facility was temporarily suspended for a period of approximately 1 month, due to government restrictions or illness in connection with COVID-19.

**16. Input cost or non-availability of inputs could reduce our profitability**

The major input costs consist of PE pellets, power & fuel, which are not in our control. PE pellets contribute to the larger portion of our total expenditure. We may not be able to pass on any or all increase in the cost of raw materials and other inputs, if any, to our customers. An increase, if any, in input costs could have an adverse effect on our business, financial condition and results of operations. Prices of the inputs are subject to volatility for various reasons including supply shortages. Any abrupt or large-scale escalation in the prices of the inputs can adversely affect its profits, in case our Company is unable to pass on to them to its customers. Non-availability of these inputs can also affect operations leading to stoppage of production and in loss of customer orders. This may have an adverse effect on the Company's sales and financial performance.

***17. We are dependent on third party transportation providers for delivery of raw materials to us from our suppliers and delivery of our products to our clients. Any failure on part of such service providers to meet their obligations could have a material adverse effect on our business, financial condition and results of operation.***

Our products are transported through third party transportation providers to our customers. Further, we rely on third parties to supply us with the raw materials used in the manufacture of our products. Our ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not within our control. While we manage our supply chain as part of our vendor management process, any significant problems with our supply chain in the future could severely disrupt our business and materially reduce our sales and net income.

Though, our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. In addition, goods may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. Since safe and timely of delivery of products is of prime importance, we may be required to engage third party transporters at high costs. An increase in the freight costs or unavailability of freight for transportation of our raw materials or finished goods may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure, or other events could have a negative financial impact on our suppliers and customers in turn impairing timely availability of raw material to us or delivering our products on time or increasing the costs of raw material. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

***18. Our inability to maintain an optimal level of inventory for our business may impact our operations adversely.***

Our daily operations largely depend on consistent inventory control which is generally dependent on our projected sales in different months of the year. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a range of products. If we overstock inventory, our required working capital will increase and if we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual off take by customers can impact us adversely.

***19. Changes in technology may render our current technologies obsolete or require us to undertake substantial capital investments, which could adversely affect our results of operations.***

We may not be able to keep pace with the rapidly changing technological environment. Any such failure on our part could adversely affect our ability to compete efficiently, reduce our competitiveness, ability to develop new products and the consequential quality of our products, and could also adversely affect our sales and profitability. Our success will depend in part on our ability to anticipate and respond on a timely basis and economical basis to technological advances in the sector in which we operate. The introduction, development and implementation of such newer technologies in our manufacturing process especially involves technical and business risks. Further, our ability to provide for commensurate capital expenditure will also govern our ability to adopt new technology to provide for better and improved products.

There can be no assurance that we will be able to adapt or upgrade our existing technologies and successfully implement new technologies at all times. Further, the information available to our management may not be timely and sufficient to respond to changes in market conditions and other developments in our area of operation. If we are unable, for any reasons, to adapt in a timely manner to changing market conditions, customer requirements, technological changes or make provision for the required capital expenditure to adapt these technological changes, it may adversely affect our business, results of operations and financial condition.

***20. We have in the past entered into related party transactions and may continue to do so in the future.***

Our Company has entered into certain transactions with our related parties. While we believe that all such transactions have been conducted on the arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties.

Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For further details, See “Annexure - 32 - Details of Related Party Transactions” in Section titled “Financial Statements” on page 131.

**21. *Our success depends largely upon the services of our Directors, other Key Managerial Personnel and Senior Management and our ability to attract and retain them. Demand for Key Managerial Personnel and Senior Management in the industry is intense and our inability to attract and retain them may affect the operations of our Company.***

Our success is substantially dependent on the expertise and services of our Directors, our Key Managerial Personnel and our Senior Management. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel and Senior Management in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

**22. *Our business is dependent on our continuing relationships with our customers, with whom we have not entered into long term arrangements.***

Part of our business comes from tenders and failure to procure such tenders on a continuous basis could adversely impact our revenues and profitability. While in a few instances, we operate on a rate contract basis, we do not have long term arrangements with all of our customers for purchase of our products in the future, at fixed prices. Our Company also bids in the prospective tenders where bidders are scrutinized for technical and financial qualifications. The bids of qualified parties are then negotiated on the price offered for the respective works and the work is allotted to the party with lowest bid. There is no assurance that we will be able to obtain continuous business or that we will be able to replace our customer base in a timely manner or at all. The loss of, or interruption of work by, a significant customer or a number of significant customers or our inability to procure tender contracts on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations, including an interruption or partial or total work stoppage at our manufacturing facilities.

**23. *We are heavily dependent on machinery for our operations and any disruption to the same may cause interruption in business.***

Our manufacturing facilities are heavily dependent on plant and machinery. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Any significant malfunction or breakdown of our machineries may entail significant repair and maintenance costs and cause delays in our operations.

While our Company has not entered into any technical support service agreements for our machineries which are repaired, our Company has its own in-house maintenance team to service/ repair the machinery. Any failure to quickly redress any technical issue may increase our downtime which may affect our business, results of operations and financial condition. Further, while we maintain necessary supplies of spare parts and maintenance related equipment, if we are unable to procure the necessary spare parts in a timely manner, or if we are unable to repair the malfunctioning machinery promptly, our manufacturing operations may be hampered, which could have an adverse impact on our business, results of operations and financial condition.

**24. *We are subject to risks associated with product liability, warranty and recall.***

We are subject to risks and costs associated with product liability, warranties and recalls, relating to defective products, parts, or related after-sales services, including by generating negative publicity, which may have an adverse effect on our business, financial condition and results of operations. These events could also require us to expend considerable resources in correcting these problems and could significantly reduce demand for our products. We may also be subject to class actions or other large-scale product liability or other lawsuits in various jurisdictions where we have a significant presence.

**25. *We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.***

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected. The workers of our Company had undertaken a strike against our Company in the Fiscal 2001 in the past due to certain disputes. Since then, our Company has maintained cordial relations with its workers and no such strike was repeated. Any such disputes with our workers may adversely affect our business and results of operations.

**26. *Our future success depends on our ability to satisfy changing customer demands by offering innovative products in a timely manner and maintaining such products' competitiveness and quality.***

Our competitors may gain significant advantages if they are able to offer products satisfying customer needs earlier than us, which may adversely impact our sales and profitability. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could also materially and adversely impact our financial condition and results of operations.

Our business and operations may be significantly impacted if we experience delays in developing products that reflect changing customer preferences. There can be no assurance that the market acceptance of our future products will meet our sales expectations, in which case we may be unable to realize the intended economic benefits of our investments and our revenues and profitability may increase materially.

**27. *Delay in raising funds from the Issue could adversely impact the implementation schedule which may adversely affect our cash flow position, our business, results of operations and financial condition.***

Our Company's proposed objects of the Issue are to be funded from the proceeds of this Issue. Any failure or any delay on our Company's part to mobilize the required resources through this Issue or any shortfall in the Issue proceeds may delay the implementation schedule. Our Company therefore, cannot assure that it would be able to execute the proposed plans within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our cash flow position, our business, results of operations and financial condition. For further details see section titled "*Objects of the Issue*" on page 50.

**28. *Delay in schedule of implementation may subject our Company to risks related to time and cost overrun which may have a material adverse effect on our business, results of operations and financial condition.***

Currently, our Company is undertaking the expansion by setting up the New Manufacturing Facility, which will expand our product portfolio to include geomembrane, tarpaulin, floating cover, roof tile underlay fabric and building and lumber wraps having upto 4-meter width. The Proposed Expansion will increase manufacturing capacity of geosynthetics products by 10,080 MT per annum. For further details, see the chapter titled "*Objects of the Issue*" on page 50. We may face risks relating to the commissioning of our New Manufacturing Facility for production of the above products including delays to construction timetables, failure to complete the projects within our estimated budget, failure of our contractors and suppliers to adhere to our specifications and timelines, and changes in the general economic and financial conditions in India. We have limited control over the timing and quality of services, equipment or other supplies from third party contractors and/or consultants appointed by us, and we may be required to incur additional unanticipated costs to remedy any defect or default in their services or products to ensure that the planned timelines are adhered to. Further, as and when we commission our New Manufacturing Facility, our raw material requirements and costs as well as our staffing requirements and employee expenses may increase and we may face other challenges in extending our financial and other controls to our new unit as well as in realigning our management and other resources and managing our consequent growth. In the event that the risks and uncertainties discussed above or any other unanticipated risks, uncertainties, contingencies or other events or circumstances limit or delay our efforts to use the Net Proceeds to achieve the planned growth in our business, the use of the Net Proceeds for purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of your investment in our Equity Shares.

- 29. *We have not identified any alternate source of financing the ‘Objects of the Issue’. If we fail to mobilize resources as per our plans, our growth plans may be affected.***

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from the Issue or any shortfall in the Issue Proceeds may delay the implementation schedule for setting up the New Manufacturing Facility and could adversely affect our growth plans. For further details See the Section titled “Objects of the Issue” on page 50.

- 30. *The Objects of this Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in section titled “Objects of the Issue”.***

Our funding requirements, the funding plans and the deployment of the proceeds of the Issue are based on our management estimates and have not been appraised by any bank or financial institution. The deployment of funds in the setting up the New Manufacturing Facilities is entirely at our own discretion and the same will not be monitored by any external agency. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. The estimates contained in this Draft Letter of Offer may exceed the value that would have been determined by third party appraisals, which may require us to reschedule the deployment of funds proposed by us and may have a bearing on our expected revenues and earnings.

- 31. *Our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits and terrorism. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.***

We have obtained insurance coverage in respect of certain risks. We have obtained Standard Fire And Special Perils Policy and a Fire Floater Policy also in respect of in respect of our Existing Manufacturing Facility and certain other premises. We will also be required to obtain insurance for the New Manufacturing Facility at Kheda, Gujarat. Further, we have insured certain vehicles purchased by us. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits, losses due to terrorism, etc. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we fail to obtain the necessary insurance, suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

- 32. *Intellectual property rights are important to our business and we may be unable to protect them from being infringed by others which may adversely affect our business value, financial condition and results of operations***

As on the date of this Draft Letter of Offer, we enjoy the statutory protection accorded to our registered trademark <sup>TEXEL</sup>. All our trademarks are our material assets and are crucial to our business operations. As on the date of this Draft Letter of Offer, our Company has 7 (seven) registered trademarks. Although, we believe that that our present systems are adequate to protect our intellectual property, there can be no assurance that our intellectual property data, trade secrets or proprietary technology will not be copied, infringed or obtained by third parties. Further, our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. This may lead to litigations and any such litigations could be time consuming and costly and their outcome cannot be guaranteed. Our Company may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property, which may adversely affect our business, financial condition and results of operations.

- 33. *Our Company’s inability to manage growth may lead to loss of opportunities and may hamper its future growth plans.***

Our Company’s inability to execute its business strategy successfully or deal with growth could have a material adverse impact on its business, operations and prospects. In order to manage its current operations

and any future growth effectively, it will need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that it will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support its operations or that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with such growth. Any failure on its part to scale up infrastructure and management to meet the challenges of rapid growth could cause disruptions to its business and could be detrimental to its long-term business prospects.

**34. *Failure to maintain adequate health and safety standards and comply with environment laws may cause our Company to incur significant costs and liabilities and may damage our Company's reputation.***

Our Company is subject to a broad range of health and safety laws and regulations and also environmental norms in the jurisdiction in which it operates. These laws and regulations, as interpreted by the relevant agencies and the courts, impose increasingly stringent health and safety protection standards. The costs of complying with, and the imposition of liabilities pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the assessment of civil and/or criminal penalties, the suspension of permits or operations and lawsuits by third parties. Despite our Company's efforts to monitor and reduce accidents at its facilities, there remains a risk that health and safety incidents may occur. Failure to remain compliant with environment laws may subject our Company to legal proceedings or liabilities, in the future for any such incidents. Such incidents could lead to production stoppages, the loss of key assets, or put at risk employees (including those of sub-contractors and suppliers) or persons living near the affected site. In addition, such incidents could damage our Company's reputation, leading to the rejection of products by customers. These events could have an adverse effect on our revenues, results of operations, profitability and cash flows and diversion of management time into rebuilding and restoring its reputation

**35. *We are exposed to operational risks, including risks in connection with our use of information technology.***

Operational risk is the risk of loss resulting from inadequate or failed internal systems and processes, whether resulting from internal or external events. Such risks could stem from inadequacy or failures of controls within internal procedures, violations of internal policies by employees, disruptions or malfunctioning of information technology systems such as computer networks and telecommunication systems, other mechanical or equipment failures, human error, natural disasters or malicious acts by third parties. Any unauthorized access to or misuse of data on our information technology systems, human errors or technological or process failures of any kind could severely disrupt our operations, including our manufacturing, design and engineering processes, and could have a material adverse effect on our financial condition and results of operations.

**36. *The deployment of funds raised through this Issue shall not be subject to any monitoring by monitoring agency and shall be entirely at the discretion of the management of our Company.***

The SEBI ICDR Regulations stipulates the appointment of monitoring agency only where the issue size is in excess of ₹10,000 Lakhs. Since the Issue is for less than ₹10,000 Lakhs, we will not be appointing a monitoring agency and the deployment of Issue Proceeds will not be monitored by an independent agency as stated in chapter titled 'Objects of the Issue' on page 50.

**37. *Our future funds requirements, in the form of fresh issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the Equity Shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any fresh issue of Equity Shares or convertible securities would dilute the shareholding of the existing Equity Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Equity Shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our existing Equity Shareholders.



**38. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under our financing agreement, we may not be permitted to declare any dividends, if there is a default under such financing agreement or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realization of a gain on Equity Shareholders investments may largely depend upon the appreciation of the price of our Equity Shares.

**39. *We have commissioned a report from D&B India which has been used for industry related data in this Draft Letter of Offer and such data has not been independently verified by us.***

The geosynthetic industry in India is generally fragmented and there is limited reliable information which is available in the public domain. We have commissioned a report from D&B India titled “*Geosynthetics Industry in India – May 2021*”. The D&B Report, which has been used for industry related data that has been disclosed in this Draft Letter of Offer, uses certain methodologies for market sizing and forecasting. We have not independently verified such data. We cannot assure you that such assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the D&B Report or any other industry data or sources are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

**External risk factors**

**40. *Deterioration in global economic conditions could have an adverse impact on our sales and results of operations.***

The demand for geo-synthetic textile products are influenced by general economic conditions, including among other things, rates of economic growth, availability of credit, disposable income of consumers, interest rates, environmental and tax policies, safety regulations, freight rates and fuel and commodity prices. Negative trends in any of these factors impacting the regions where we operate could adversely affect our business, financial condition and results of operations.

Muted industrial growth in India in recent years along with continuing high levels of inflation and interest rates continue to pose risks to overall growth in this market. Economic slowdowns in the recent past have affected the manufacturing sector, including the geo-synthetic textile products and related industries in India. A continuation of negative economic trends or further deterioration in key economic metrics such as the growth rate, interest rates and inflation as well as reduced availability of financing at competitive rates could adversely affect our sales in India and results of operations.

In the event the recovery of Indian economy is slower than expected, or if there is any significant financial disruption, this could have an adverse effect on our cost of funding, portfolio of financing loans, business, prospects, financial condition, results of operations and the trading price of our securities.

**41. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.***

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any

such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

**42. *We are subject to regulatory, economic and social and political uncertainties and other factors beyond our control.***

Our results of operations and financial condition depend significantly on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Various factors may lead to a slowdown in the Indian economy, which in turn may adversely impact our business, prospects, financial performance and operations. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance of our business and operation.

**43. *Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of 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 worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

**44. *The occurrence of natural or man-made disasters may adversely affect our business, financial condition, results of operations and cash flows.***

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative and would depend on numerous factors. Further, the present outbreak and further escalation of COVID-19 pandemic, if any, or an outbreak of a communicable disease in India or in the particular region in which we have manufacturing facilities would adversely affect our business and financial conditions and the result of operations. We cannot assure prospective investors that such events will not occur in the future or that our business, financial condition, results of operations and cash flows will not be adversely affected.

**45. *Terrorist attacks, civil unrests and other acts of violence or war in South Asia could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.***

India has, from time to time, experienced social and civil unrest within the country and hostilities with neighbouring countries. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on our business and future financial performance. There can be no assurance that such situations will not recur or be more intense than in the past. Terrorist attacks and other acts of violence or war may adversely affect global markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business, results of operations and financial condition. Such violence may have an adverse impact on the Indian and worldwide financial markets. In

addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares.

#### **Risks Relating to the Equity Shares and this Issue**

***46. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

***47. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with SEBI Rights Issue Circular, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

***48. Non-receipt of complete Call Monies may have an impact of a consequential shortfall in Net Proceeds.***

Our Company proposes to receive the Net Proceeds through Call(s) and in accordance with the applicable laws, our Company shall make the Call(s) as determined by the Board at its sole discretion. The Call(s) shall be deemed to have been made at the time when the resolution authorizing such Call(s) is passed at the meeting of our Board. The Call(s) may be revoked or postponed at the discretion of our Board, from time to time. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Call(s). The payment period for the Call Monies shall be kept open for 15 (fifteen) days from the date of making the Call(s) or such extended period, as may be approved our Board at its discretion. Our Company, at its sole discretion, may send reminders for the Call(s) as it deems fit, and if it does not receive the Call Monies as per the timelines stipulated, our Company would forfeit the Application Money. Non-receipt of complete Call Monies and a consequential forfeiture of the Application Money may lead to a shortfall in the Net Proceeds, which may have to be met out of internal accruals or from other source(s) and it may have impact on borrowings, financial conditions and results of operations of the Company. For more details, see the chapter titled "*Objects of the Issue*" on page 50.

***49. We will not distribute the Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.***

We will dispatch the Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlement Letter (the "**Issue Materials**") to the shareholders who have provided an address in India for service of

documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail.

While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

**50. *The R-WAP payment mechanism facility proposed to be used for this Issue may pose risks, including risks associated with payment gateways.***

In view of the COVID-19 pandemic, SEBI under SEBI Rights Issue Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at [www.linkintime.co.in](http://www.linkintime.co.in)), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “*Terms of the Issue – Procedure for Application through the R-WAP*” on page 170. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

**51. *Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

**52. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. 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 gains made upon the sale of the Equity Shares.

**53. *You may not receive the Rights Equity Shares that you subscribe in the Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.***

The Rights Equity Shares that you may be allotted in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Rights Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Rights Equity Shares allocated to you will be credited to your demat account, or that trading in the Rights Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

**54. *There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges or that the Rights Equity Shares will be listed thereon in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.***

In accordance with Indian law and practice, final approval for listing and trading of our Rights Equity Shares will not be applied for or granted until after our Rights Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

**55. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company 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 prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

**56. *There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

**57. *Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our results of operations.***

The Rights Equity Shares will be quoted in Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend received by investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be

required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies has changed substantially in the past and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our results of operations.

***58. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

## SECTION III – INTRODUCTION

### THE ISSUE

The Equity Shares in the present Issue are being offered pursuant a resolution passed by our Board at its meeting held on May 8, 2021 in accordance with Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirety by, the information detailed in “*Terms of the Issue*” on page 157.

<b>Rights Equity Shares proposed to be issued</b>	Up to [●] Rights Equity Shares
<b>Rights Entitlements</b>	[●] Rights Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
<b>Fractional Entitlement</b>	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlements of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one Additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for Additional Rights Equity Shares over and above their Rights Entitlements, if any
<b>Record Date</b>	[●]
<b>Face value per Rights Equity Share</b>	₹ 10 each
<b>Issue Price per Rights Equity Share</b>	₹ [●]
	On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, in one or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time
<b>Issue Size</b>	Up to ₹ 1,250 Lakhs*
	*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares
<b>Equity Shares issued, subscribed and paid-up outstanding prior to the Issue</b>	52,22,921 Equity Shares
<b>Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Equity Shares)</b>	[●] Equity Shares
<b>Security Codes for our Equity Shares and Rights Entitlements</b>	BSE: 526638 ISIN for Equity Shares: INE594V01028 ISIN for Rights Entitlements: [●] ISIN for Rights Equity Shares: [●]
<b>Terms of the Issue</b>	For details, see “ <i>Terms of the Issue</i> ” on page 157.
<b>Use of Issue Proceeds</b>	For details, see “ <i>Objects of the Issue</i> ” on page 50.

### Terms of Payment

Payment Schedule is as follows:

Amount Payable per Rights Equity Share <sup>(1)</sup>	Face Value (₹)	Premium (₹)	Total (₹)
On Application	[●]	[●]	[●] <sup>(2)</sup>
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	[●]	[●]	[●] <sup>(3)</sup>

Amount Payable per Rights Equity Share <sup>(1)</sup>	Face Value (₹)	Premium (₹)	Total (₹)
<b>Total</b>	[•]	[•]	[•]

<sup>(1)</sup>For further details on Payment Schedule, see “Terms of the Issue” on page 157.

<sup>(2)</sup>Constitutes [•]% of the Issue Price

<sup>(3)</sup>Constitutes [•]% of the Issue Price



## GENERAL INFORMATION

Our Company was originally incorporated as ‘*Texel Plastics Private Limited*’ as a Private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated August 2, 1989 issued by the Registrar of Companies, Gujarat. Subsequently, our Company was converted into public limited company and a fresh certificate of incorporation dated April 13, 1992 was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli and the name of our Company was changed to “*Texel Plastics Limited*”. The name of our Company was further changed to ‘*Texel Industries Limited*’ and a fresh certificate of incorporation consequent on change of name dated January 31, 1996 was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.

### Registered Office, CIN and Registration Number

#### Texel Industries Limited

Block No. 2106, Santej-Khatraj Road, Nr. Gayatri Farm House, Village - Santej, Taluka – Kalol (N.G.), District – Gandhinagar - 382721, Gujarat, India.

**Telephone:** +91-8980026110 / 8980026220

**E-mail:** [info@geotexelin.com](mailto:info@geotexelin.com)

**Website:** [www.geotexelin.com](http://www.geotexelin.com)

**CIN:** L29100GJ1989PLC012576

**Registration Number:** 012576

### Change in Registered Office of our Company

Upon incorporation, the Registered Office of our Company was situated at 49, G.I.D.C. Kalol, District – Mehsana - 382725, Gujarat, India. Thereafter, our Company has shifted the Registered Office, the details of which are set out below:

Date of Change of Registered Office	Old Address	New Address	Reason for Change
October 1, 1995	49, G.I.D.C. Kalol, District – Mehsana - 382725, Gujarat, India.	407 & 410, Arjun, Opp. Samartheshwar Mahadev, Law Garden, Ahmedabad – 380006, Gujarat, India.	Administrative convenience
January 16, 2001	407 & 410, Arjun, Opp. Samartheshwar Mahadev, Law Garden, Ahmedabad – 380006, Gujarat, India	Block No. 2106, Santej-Khatraj Road, Nr. Gayatri Farm House, Village - Santej, Taluka – Kalol (N.G.), District – Gandhinagar - 382721, Gujarat, India.	Administrative convenience

### Address of the RoC

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

#### Registrar of Companies, Ahmedabad

ROC Bhavan, Opp. Rupal Park Society,  
Behind Ankur Bus Stop, Naranpura,  
Ahmedabad- 380013, Gujarat, India.

### Company Secretary and Compliance Officer

#### Ms. Shweta Sultania

#### Texel Industries Limited

Block No. 2106, Santej-Khatraj Road, Nr. Gayatri Farm House, Village - Santej, Taluka – Kalol (N.G.), District - Gandhinagar – 382721, Gujarat, India.

**Telephone:** +91-8980026110/ 8980026220

**E-mail:** [finance@geotexelin.com](mailto:finance@geotexelin.com)

**Website:** [www.geotexelin.com](http://www.geotexelin.com)

## **Statutory Auditors of our Company**

### **M/s. Sunil Poddar & Co.**

#### **Chartered Accountants**

1301-1303, Addor Aspire, Near Jhanvee Restaurant,

Ambawadi, Ahmedabad- 380015

**Telephone:** +91 7948977222-23

**Email:** [info@sunilpoddarca.com](mailto:info@sunilpoddarca.com)

**Contact Person:** Mr. Sunil Poddar

**Firm Registration Number:** 110603W

**Peer Review Board Certificate Number:** 009716

## **Lead Manager to the Issue**

### **Vivro Financial Services Private Limited**

Vivro House, 11, Shashi Colony,

Opposite Suvidha Shopping Center, Paldi,

Ahmedabad – 380007, Gujarat, India.

**Telephone:** +91 79 40404242

**Email:** [texel@vivro.net](mailto:texel@vivro.net)

**Website:** [www.vivro.net](http://www.vivro.net)

**Investor Grievance Email:** [investors@vivro.net](mailto:investors@vivro.net)

**Contact Person:** Mili Khamar / Bhargav Parekh

**SEBI Registration Number:** INM000010122

**CIN:** U67120GJ1996PTC029182

## **Statement of responsibilities of the Lead Manager to the Issuer**

Vivro Financial Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities pertaining to coordination and other activities, in relation to the Issue, shall be performed by them.

## **Registrar to the Issue**

### **Link Intime India Private Limited**

C 101, 1<sup>st</sup> Floor, 247 Park, LBS Marg,

Vikhroli (West), Mumbai - 400083, Maharashtra, India.

**Telephone:** + 91-22-4918 6200

**Email:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Investor Grievance Email:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)

**Contact Person:** Sumeet Deshpande

**SEBI Registration Number:** INR000004058

**CIN:** U67190MH1999PTC118368

Investors may contact the Registrar or Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar to the Issue, 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 address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP 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 Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see “*Terms of the Issue*” on page 157.

## **Legal Advisor to the Issue**

### **Kanga & Co.**

Readymoney Mansion,

43, Veer Nariman Road, Fort,  
Mumbai - 400 001.  
**Telephone:** +91-22-/ 6623 0000/ 66332288  
**E-mail:** [chetan.thakkar@kangacompany.com](mailto:chetan.thakkar@kangacompany.com)  
**Contact Person:** Mr. Chetan Thakkar

## Experts

Except as stated below, our Company has not obtained any expert opinions:

M/s. Sunil Poddar & Company, Chartered Accountants, have given their written consent dated June 18, 2021 to include their name in this Draft Letter of Offer and other issue related documents as an “expert” defined under section 2(38) of the Companies Act, to the extent and in their capacity as statutory auditors of our Company in respect of their reports on the Audited Consolidated Financial Statements, the Unaudited Consolidated Financial Results and the Statement of special tax benefits dated June 18, 2021, included in this Draft Letter of Offer and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

## Bankers to our Company

**Kotak Mahindra Bank Limited**  
12BKC, C-12, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400051  
**Contract Person:** Manish Khare  
**Telephone:** 8879979681  
**E-mail:** [manish.khare@kotak.com](mailto:manish.khare@kotak.com)  
**Website:** [www.kotak.com](http://www.kotak.com)  
**CIN:** L65110MH1985PLC038137

## Bankers to the Issue and Refund Bank

[•]

## Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time or at such other website as may be prescribed from time to time. Details relating to Designated Branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

## 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:

<b>Last Date for credit of Rights Entitlements</b>	<b>[•]</b>
<b>Issue Opening Date</b>	<b>[•]</b>
<b>Last Date for On Market Renunciation of Rights Entitlements<sup>#</sup></b>	<b>[•]</b>
<b>Issue Closing Date*</b>	<b>[•]</b>
<b>Date of Allotment (on or about)</b>	<b>[•]</b>
<b>Date of credit (on or about)</b>	<b>[•]</b>
<b>Date of listing (on or about)</b>	<b>[•]</b>

<sup>#</sup>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, provided that this Issue will not remain open in excess of 30 (thirty) days from 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, the Lead Manager 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, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see “*Terms of the Issue*” beginning on page 157.

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 [www.linkintime.co.in](http://www.linkintime.co.in) 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 159.

### **Credit rating**

This being a Rights Issue of Equity Shares, no credit rating is required.

### **Debenture Trustee**

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

### **Monitoring Agency**

Since the size of this Issue is less than ₹ 10,000 Lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue in terms of Regulation 82(1) under the SEBI ICDR Regulations. Our Board and the Audit Committee of our Board will monitor the use of proceeds of this Issue in accordance with applicable law.

### **Appraising Agency**

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

### **Underwriting**

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

### **Filing**

The copy of this Draft Letter of Offer is being filed with BSE for seeking their in-principle approval for the proposed Issue.

Further, in accordance with the SEBI ICDR Regulations, our Company shall file the copy of Letter of Offer with the Corporation Finance Department of SEBI, located at SEBI Bhavan, Western Regional Office, Panchavati Society, 1<sup>st</sup> Lane, Gulbai Tekra, Ahmedabad – 380 006, Gujarat, India and through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011, for the purpose of their information and dissemination on its website.

**Minimum Subscription**

In accordance with Regulation 86 of SEBI ICDR Regulations, if our Company does not receive the minimum subscription of at least 90% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, 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 and Directors who are “officers in defaults” will pay interest for the delayed period, at such rates as prescribed under the applicable laws. The above is subject to the terms mentioned under “*Terms of the Issue*” on page 157.

## CAPITAL STRUCTURE

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

(₹ in Lakhs, except the shares data)

Particulars	Aggregate value at face value	Aggregate value at Issue Price
<b>A. AUTHORIZED SHARE CAPITAL</b>		
1,65,00,000 Equity Shares of ₹ 10 each	1,650.00	-
35,00,000 unclassified shares of ₹ 10 each	350.00	
<b>B. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE</b>		
52,22,921 Equity Shares of ₹10 each	522.29	-
<b>C. PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER<sup>(1)</sup></b>		
[●] Rights Equity Shares of ₹10 each at premium of ₹ [●] per Rights Equity Share, i.e., at an Issue Price of ₹ [●] per Rights Equity Share <sup>(2)</sup>	[●]	[●]
<b>D. ISSUED AND SUBSCRIBED SHARE CAPITAL AFTER THE ISSUE<sup>(3)</sup></b>		
[●] Equity Shares of ₹10 each	[●]	-
<b>E. PAID-UP SHARE CAPITAL AFTER THE ISSUE</b>		
52,22,921 Equity Shares of ₹10 each fully paid-up	522.29	
[●] Equity Shares of ₹10 each partly paid-up <sup>(3)</sup>	[●]	
<b>F. SECURITIES PREMIUM ACCOUNT</b>		
Before the Issue	195.00	
After one or more subsequent Calls made in respect of Rights Equity Shares <sup>(4)</sup>	[●]*	

<sup>(1)</sup> The Issue has been authorised by a resolution of our Board passed at its meeting held on May 8, 2021, pursuant to Section 62 of the Companies Act, 2013.

<sup>(2)</sup> On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●] % of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●] % of the Issue Price, will have to be paid, in one or more subsequent Calls, as determined by our Board at its sole discretion from time to time.

<sup>(3)</sup> Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.

<sup>(4)</sup> Assuming full payment of all Call Monies by holders of Rights Equity Shares.

\*Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses.

### Notes to the Capital Structure:

- Our Company does not have any employee stock option scheme or employee stock purchase scheme.
- Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Draft Letter of Offer, which would entitle the holders to acquire further Equity Shares.
- Shareholding of our Promoters and Promoter Group:**

The details of specified securities held by our Promoters and Promoter Group including the details of lock-in, pledge and encumbrance on such securities as on the date of this Draft Letter of Offer are set forth hereunder:

Sr. No.	Name of the Promoter & Promoter Group	No. of Equity Shares held	% of total share capital	Details of Equity Shares pledged/encumbered		Details of Equity Shares locked-in	
				No. of Equity Shares	% of total share capital	No. of Equity Shares	% of total share capital
1.	Mr. Shailesh R. Mehta	10,74,725	20.58	10,44,585	20.00	10,00,000	19.15
2.	Ms. Avani S. Mehta	75,316	1.44	-	-	-	-
3.	Mr. Bhupendra R. Mehta	1,06,691	2.04	-	-	-	-
4.	Mr. Naresh R. Mehta	99,801	1.91	-	-	-	-
5.	Ms. Mukta R. Mehta*	65,276	1.25	-	-	-	-
6.	Mr. Ramaniklal V. Mehta	28,072	0.54	-	-	-	-
7.	Ms. Sonal B. Mehta	9,460	0.18	-	-	-	-
8.	Ms. Sujata N. Mehta	19,650	0.38	-	-	-	-
9.	Ms. Avishi A. Shredalal	1,880	0.04	-	-	-	-
10.	Ms. Riddhi S. Parikh	2,100	0.04	-	-	-	-
11.	Ms. Rishita P. Parikh	2100	0.04	-	-	-	-
12.	Mr. Aman Mehta	200	0.00	-	-	-	-
13.	Ms. Harsha Shah	10,260	0.20	-	-	-	-
14.	Mr. Shailesh D. Shah	3,831	0.07	-	-	-	-
15.	Ms. Lila K. Vakharia	1,700	0.03	-	-	-	-
16.	Mr. Krishnakant G. Vakharia	2,52,360	4.83	-	-	-	-
17.	Mr. Sunil D. Shah	550	0.01	-	-	-	-
18.	Mr. Ashesh D. Bhakta	1700	0.03	-	-	-	-
19.	Mr. Rajendra Bhakta	2,33,648	4.47	-	-	-	-
20.	Mr. Mahendra Bhakta	52,084	1.00	-	-	-	-
21.	D. D. Shah Frangrances Private Limited	80,775	1.55	-	-	-	-
22.	Ms. Kapila R. Mehta	6,450	0.12	-	-	-	-
23.	Mr. Vikram R. Mehta	850	0.02	-	-	-	-
<b>Total</b>		<b>21,29,479</b>	<b>40.77</b>	<b>10,44,585</b>	<b>20.00</b>	<b>10,00,000</b>	<b>19.15</b>

\*As on date, Ms. Mukta R. Mehta is deceased and the transmission of her shareholding is pending.

Except as disclosed above, none of the Equity Shares held by our Promoters and Promoter Group are pledged with any bank or institution, locked-in or otherwise encumbered.

4. No Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Draft Letter of Offer with Stock Exchange except as disclosed below:

Sr. No.	Name of Promoter & Promoter Group	Number of Equity Shares acquired	Mode of Acquisition	Date of Acquisition
1.	Mr. Krishnakant G. Vakharia	2,50,000	Off Market	March 30, 2021
2.	Mr. Shailesh R. Mehta	10,00,000	Inter-se transfer (by way of Gift)	June 01, 2021

**5. Intention and extent of participation in the Issue by the Promoters and Promoter Group**

Pursuant to the letter dated June 18, 2021 ("**Subscription Letter**"), Mr. Shailesh R. Mehta, one of our Promoters, has confirmed that he, along with other Promoters and members of the Promoter Group of the Company, intend to subscribe, jointly and / or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoters or member of the Promoter Group of our Company). Further, our Promoters and members of the Promoter Group also reserve the right to subscribe to Additional Rights Equity Shares, over and above their Rights Entitlements for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations and subscribe to unsubscribed portion of the Issue, if any subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by the Promoters and Promoter Group, over and above their Rights Entitlements, if any, shall not result in change in control of the management of the Company and shall be in accordance with the provisions of the SEBI Takeover Regulations. 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.

6. All the Equity Shares of our Company are fully paid-up as on the date of this Draft Letter of Offer. Further, the Rights Equity Shares, when allotted under the Issue, shall be partly paid up.
7. The ex-rights price per Equity Share arrived in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●].
8. At any given time, there shall be only one denomination of the Equity Shares of our Company.
- 9. Shareholding Pattern of our Company as per the last filing with the Stock Exchange in compliance with the provisions of the SEBI Listing Regulations:**
- The shareholding pattern of our Company as on March 31, 2021, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/texel-industries-ltd/texelin/526638/shareholding-pattern/>
  - The statement showing holding of Equity Shares of persons belonging to the category "*Promoter and Promoter Group*" including the details of lock-in, pledge of and encumbrance thereon, as on March 31, 2021, can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=526638&qtrid=109.00&QtrName=March%202021>.
  - The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "*Public*" including shareholders holding more than 1% of the total number of Equity Shares as on March 31, 2021, as well as details of shares which remain unclaimed for public, can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=526638&qtrid=109.00&QtrName=March%202021>.



**10. Details of the Shareholders holding more than 1% of the issued and paid-up equity share capital**

The details of shareholders of our Company holding more than 1% of the issued and paid -up equity share capital of our Company, as on March 31, 2021 are available at <https://www.bseindia.com/stock-share-price/texel-industries-ltd/texelin/526638/shareholding-pattern/>.

## OBJECTS OF THE ISSUE

We intend to utilize the gross proceeds raised through the Issue (the “**Gross Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the following objects (collectively, referred to as the “**Objects**”):

1. Setting up new manufacturing facility at Unit No. P-2, Prime Industrial and Logistics Hub, Mouje-Hariyala, Taluka & District: Kheda, Gujarat (the “**Proposed Expansion**”); and
2. General corporate purposes.

The main object clause of our Memorandum of Association enables our Company to undertake its existing activities and activities for which the funds are being raised by our Company through this Issue.

### Issue Proceeds

The details of the Issue Proceeds are set forth in the following table:

(₹ in Lakhs)

Particulars	Estimated Amount
Gross proceeds to be raised through the Issue*	Up to 1,250.00
Less: Issue related expenses	[•]
<b>Net Proceeds</b>	<b>[•]</b>

\*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and receipt of all Call Monies from the holders of Rights Equity Shares.

### Utilization of Net Proceeds and schedule of implementation

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in Lakhs)

Sr. No.	Particulars	Estimated funds requirement	Funds to be deployed from borrowing <sup>(3)</sup>	Funds already deployed till June 15, 2021 <sup>(4)</sup>	Amount to be deployed from Net Proceeds <sup>(5)</sup>	Estimated deployment of Net Proceeds in Fiscal 2022
1	Setting up new manufacturing facility at Hariyala, Kheda district, Gujarat.	2,992.24	500.00	1,133.39	1,150.00	1,150.00
2	General corporate purposes <sup>(1)</sup>	[•]	-	-	[•]	[•]
	<b>Net Proceeds<sup>(2)</sup></b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

<sup>(1)</sup> the amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds

<sup>(2)</sup> Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and receipt of all Call Monies from the holders of Rights Equity Shares

<sup>(3)</sup> We have, vide sanction letter dated January 22, 2021, availed secured term loan of ₹ 900.00 Lakhs from Kotak Mahindra Bank Limited.

<sup>(4)</sup> Based on the certificate dated June 18, 2021, of M/s Sunil Poddar & Co, Chartered Accountants, our Company has deployed ₹1,133.39 Lakhs towards Proposed Expansion from internal accruals & borrowings.

<sup>(5)</sup> The remaining cost of ₹208.85 Lakhs will be funded from internal accruals by our Company. Further, pending receipt of the Net Proceeds, our Company may borrow loan or other financing facilities (“**Loan**”) from banks, financial institutions or Promoters and Promoter Group of our Company, which shall be repaid out of the Net Proceeds. In case any such Loan availed from Promoters and/ or Promoter Group, the same shall be adjusted against the monies payable for the Rights Equity Shares that may be allotted to such Promoters and/ or Promoter Group by our Company.

The above fund requirements are based on our current business plan, management estimates and have not been appraised by any bank or financial institution. Our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board and will not be subject to monitoring by any independent agency. 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 the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. Any further deployment of fund after June 15, 2021 will be met out of internal accruals of the Company till the time Issue Proceeds are available to us which will be recouped from Net Proceeds of the Issue. Further, in case the Net Proceeds are not completely utilised in a scheduled Fiscal Year due to any reason, the same would be utilised (in part or full) in the next Fiscal Year/ subsequent period as may be determined by our Company, in accordance with applicable law. For further details, see the section titled “*Risk factors - The deployment of funds raised through this Issue shall not be subject to any monitoring by monitoring agency and shall be entirely at the discretion of the management of our Company.*” on page 32.

In case of any increase in the actual utilisation of funds earmarked for any of the Objects of the Issue or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met by through means available to us, including by way of incremental debt and/or internal accruals. If the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds from the Issue in accordance with applicable law.

As and when our Company makes the Call(s) for the balance monies with respect to the Rights Equity Shares, our Company shall endeavour to utilize the proceeds raised from such Call(s) within the same Fiscal as the receipt of the said Call Monies failing which our Company shall utilize the said Call Monies in the subsequent Fiscal.

## Means of Finance

The total funds required for the Proposed Expansion is ₹2,992.24Lakhs. 75% of the stated means of finance, excluding funds to be raised through the Issue and deployed from Identified Internal Accruals have been arranged as follows:

(₹ in Lakhs)	
Particulars	Amount
Aggregate funds required for the Objects of the Issue (A)	2,992.24
Amount proposed to be financed from Net Proceeds (B)	1,150.00
Funds deployed till June 15, 2021 through Identified Internal Accruals (C)*	733.39
Funds required excluding the Net Proceeds and Identified Internal Accruals (A) - (B) - (C)	1,108.85
75% of the funds required excluding the Net Proceeds and Identified Internal Accruals	831.64
<b>Arrangements regarding 75% of the funds required excluding the Issue proceeds</b>	
Funded by Term Loan**	900.00

\*Based on the certificate from M/s Sunil Poddar & Co, Chartered Accountants dated June 18, 2021.

\*\* The table below gives the details of the sanctioned term loan from lender:

Name of Bank	Term Loan sanctioned (₹ in Lakhs)	Term Loan disbursed as on June 15, 2021
Kotak Mahindra Bank Limited	900.00	400.00
<b>Total</b>	<b>900.00</b>	<b>400.00</b>

In view of the above, we confirm that we have complied with the SEBI ICDR Regulations which requires our Company to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Rights Issue.

## Details of the Objects of the Issue

### 1. Setting up new manufacturing facility at Hariyala, Kheda district, Gujarat.

With a view to expand our product portfolio and increase our manufacturing capabilities, we intend to set up new manufacturing facility at Unit No. P-2, Prime Industrial and Logistics Hub, Mouje- Hariyala, Taluka & District: Kheda, Gujarat. Currently we are manufacturing geomembrane and tarpaulin as key products which have 2-meter width. Geomembranes are used in agriculture for water harvesting and conservation, aquaculture and for waste water storage and treatment in industrial applications while tarpaulins are used to protect the expensive farm produce, fruits and vegetables from contamination and damage during harvesting, packing operations & entire crop management, crop drying, trashing operations, grain/harvest covers and fumigation covers. With the Proposed Expansion project, our product portfolio will be expanded which will include

geomembrane, tarpaulin, floating cover, roof tile underlay fabric and building and lumber wraps that will have 4-meter width. The Proposed Expansion will increase manufacturing capacity of geosynthetics products by 10,080 MT per annum. For the Proposed Expansion, the total estimated cost is ₹2,992.24 Lakhs out of which our Company has availed secured term loan of ₹900.00 Lakhs from bank, already deployed ₹1,133.39 Lakhs from internal accruals & borrowing till June 15, 2021 and the remaining balance amount of ₹1,358.85 Lakhs is proposed to be utilized from the Net Proceeds of the Issue and Internal Accruals. Further, pending receipt of the Net Proceeds, our Company may borrow loan or other financing facilities (“**Loan**”) from banks, financial institutions or Promoters and Promoter Group of our Company, which shall be repaid out of the Net Proceeds. In case any such Loan availed from Promoters and/ or Promoter Group, the same shall be adjusted against the monies payable for the Rights Equity Shares that may be allotted to such Promoters and/ or Promoter Group by our Company.

### **Details of Estimated Costs**

The details of the estimated costs of the Proposed Expansion are set forth below.

(₹ in Lakhs)

<b>Particulars</b>	<b>Total estimated amount*</b>
Land & Building	385.18
Civil & Electrical works	182.82
Plant and machinery	2,341.90
Power Connection charges	35.50
Provision for Contingencies	46.84
<b>Total</b>	<b>2,992.24</b>

\* The above cost includes taxes as estimated

#### **a) Land & Building**

The new unit is being set up in constructed industrial warehouse leased by us from Waleed Associates admeasuring 13,660 sq. meters on a land admeasuring 21,500 sq. meters for nine years starting from June 1, 2020 which can be renewed for another nine years at the time of expiration. The said warehouse is situated at Survey Nos. 589, 553, 588, 591, 590, 593, P-2 Prime Industrial & Logistics Hub, Mouje Haryala Taluka, District: Kheda, Gujarat. As per the lease agreement dated December 15, 2020, we are required to pay ₹55.35 Lakhs as refundable security deposit towards lease which is part of total cost of the project. We are also required to pay rent of ₹21.77 Lakhs per month including GST. Lease rent will increase by 5% every year on completion on of one year of lease period. We have considered rent of first fifteen months from June 2020 to August 2021 aggregating to ₹329.83 Lakhs including GST as part of total cost of the project.

(Source: Lease agreement entered into by our Company)

#### **b) Civil & electrical works**

Our Company proposes to utilise an aggregate amount of ₹182.82 Lakhs towards pre-engineered building materials and electrical materials in the manner set out below:

(₹ in Lakhs)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Name of the Supplier</b>	<b>Purchase Order/Quotation/Invoice and Date</b>	<b>Amount*</b>
1	H.T. & L.T. Electrical Material	Pima Controls Private Limited	Purchase Order no. TIL/KP/010 Dated: August 7, 2020	36.66
2	H.T. & L.T. Electrical Material Installation Works	Pima Controls Private Limited	Purchase Order no. TIL/KP/02 Dated: August 7, 2020	21.23
3	H.T. & L.T. Electrical Cables	GEW Electro Power Project Private Limited	Invoice no. 1005, 1032, 1111 Dated: August 22, 2020, August 14, 2020, August 13, 2020	31.13

Sr. No.	Particulars	Name of the Supplier	Purchase Order/Quotation/Invoice and Date	Amount*
4	Pipe Supply Cost	M/s. Kataria Impex	Purchase Order no. TIL/KP/015 Dated: February 26, 2021	7.69
5	Pipe Fitting Charges	M/s. Jay Mahakal Enterprice	Purchase Order no. TIL/KP/016 Dated: February 26, 2021	2.19
6	MS Heavy Tube 100 MM	Himalay Steel & Engg Co.	Quotation no. HSEC/SB-000365/2020-21 Dated: April 27, 2021	4.42
7	Pre-Engineered Building Material-Fiberglas insulation	Steelsmith Continental Manufacturing Private Limited	Invoice no. 9912176993,9912176881, 9912176880 Dated: July 15, 2020, July 1, 2020, July 1, 2020	35.50
8	Pre-Engineered Building Material-Supply & Erection cost for Primary Structure for Crane Beam & Supporting structure for EOT Crane	Steelsmith Continental Manufacturing Private Limited	Invoice no. 9912176478,9912176861, 9912176884,9912176890, 9912176959 Dated: May 11, 2019, June 28, 2019, July 1, 2019, July 3, 2019, July 9, 2019	43.00
9	FC pipe 6 Mtr 160 mm	Shiv Enterprise	Quotation no. 150 Dated: April 29, 2021	1.00
<b>Total</b>				<b>182.82</b>

\*including goods and service tax

(Source: Purchase Order, Quotation and invoices received by our Company)

### c) Plant and Machinery

Our Company proposes to utilise an aggregate amount of ₹2,341.90 Lakhs towards purchase of plant & machinery. The quantity of plant & machinery to be purchased is based on management estimates. We do not intend to purchase any second-hand equipment. We have placed the order for 97% plant and machinery required for the Proposed Expansion. The details of the new plant and machinery proposed to be installed are as set forth below:

(₹ in Lakhs)					
Sr. No.	Description of machinery	Name of the Supplier	Purchase Order/Quotation/Invoice & Date	Qty.	Amount*
1.	Tape Extrusion Line, Model Lorex-E135SH.1600HS with melt pump	Lohia Corp Limited	Purchase Order no. TIL/KP/012-1 Dated: September 11, 2020	1	405.37
2	Cheese Winder, Model LFW-200CE	Lohia Corp Limited	Purchase Order no. TIL/KP/012-1 Dated: September 11, 2020	362	193.50
3.	Circular Loom,	Lohia Corp Limited	Purchase Order no.	15	531.00

Sr. No.	Description of machinery	Name of the Supplier	Purchase Order/Quotation/Invoice & Date	Qty.	Amount*
	Model Nova-10 HF with Wider Width Winder, Unfolding Device, Central CRC Cutter & Warp pre-exhaust system		TIL/KP/012-1  Dated: September 11, 2020		
4	Circular Loom, Model Nova-8 HF with Wider Width Winder, Unfolding Device, Central CRC Cutter & Warp pre-exhaust system	Lohia Corp Limited	Purchase Order no. TIL/KP/013-1  Dated: September 11, 2020	4	118.00
5	Circular Loom, Model Nova-12 HF with Wider Width Winder, Unfolding Device, Central CRC Cutter & Warp pre-exhaust system	Lohia Corp Limited	Purchase Order no. TIL/KP/013-1  Dated: September 11, 2020	2	106.32
6	Extrusion lamination plant	Navrang Machinery Private Limited	Purchase Order no. TIL/KP/012AA  Dated: January 5, 2020	1	566.40
7	Shaft less inspection rewinder machine	Navrang Machinery Private Limited	Purchase Order no. TIL/KP/024  Dated: March 26, 2021	2	101.13
8	Air cooled water chiller PCA-80 HT (Tank + Pump)	NU-VU Conair Private Limited	Purchase Order no. TIL/KP/05  Dated: July 14, 2020	1	29.50
9	Air cooled water chiller PCA-100 HT (Tank + Pump)	NU-VU Conair Private Limited	Purchase Order no. TIL/KP/04  Dated: July 14, 2020	1	41.30
10	Online Gravimetric Blending System & Offline Hot Air Drying System With Loader-Tape	NU-VU Conair Private Limited	Purchase Order no. TIL/KP/21  Dated: March 23, 2021	1	16.76
11	Online Gravimetric Blending System & Offline Hot Air Drying System With Loader-Lamination	NU-VU Conair Private Limited	Purchase Order no. TIL/KP/22  Dated: March 23, 2021	1	19.74

Sr. No.	Description of machinery	Name of the Supplier	Purchase Order/Quotation/Invoice & Date	Qty.	Amount*
12	Air Compressor ASK 40T - 8 Bar	Kaeser compressors (India) Private Limited	Purchase Order no. TIL/KP/02 & TIL/KP/03 Dated: July 13, 2020	2	14.21
13	Air Receiver - 1.0 Cu M, Micro Filter - F 46 KE	Kaeser compressors (India) Private Limited	Purchase Order no. TIL/KP/02 Dated: July 13, 2020	1	1.04
14	T&R" make 2000 KVA, 11/0.433 KV Distribution transformers with OLTC, fittings and other accessories	Transformers & Rectifiers (India) Limited	Invoice no. TRO/20210065 Dated: August 31, 2020	1	25.37
15	SS304 structure based cooling tower Design, Manufacture & Supply of FRP Cooling Tower	Towertech cooling system Private Limited	Invoice no. TCS/039/2019-20 Dated: May 13, 2019	1	1.42
16	5T x 22M Span SG EOT Crane including over-load cell with indicator & 3T x 6M Span x 7M Lift SG Goliath Crane including over-load cell with indicator	Vgor Engineers	Purchase Order no. TIL/KP/08 Dated: August 5, 2020	1	22.86
17	BDS Rectangular and Square Bars (Crane)	Vgor Engineers	Invoice no. VG/2021/113 Dated: August 29, 2020	1	5.90
18	Linde Make Hand Pallet Truck Model M25	Gloline Equipment Private Limited	Quotation no. GEPL/LINDE/PI/TI/001/2021-22 Dated: April 13, 2021	5	1.74
19	PDB Panel for Loom Plant, Inspection & Sealing Plant, Warehouse, Admin – Office, Utility and PCC Main LT Panel With APFC Panel	Pima Controls Private Limited	Purchase Order no. TIL/KP/06 Dated: August 5, 2020	1	24.19
20	Lathe machine (1 nos.), Power hacksaw machine (2 nos.) Drilling Machine	Valiya & Company	Quotation no. 43 Dated: April 30, 2021	1	18.70

Sr. No.	Description of machinery	Name of the Supplier	Purchase Order/Quotation/Invoice & Date	Qty.	Amount*
	(1 nos.), Welding Transformer (1 nos.), Machine vice (4 nos.), Bench grinder (1 nos.), Bench vice (2 nos.), Grinder (2 nos.)				
21	Godrej 4.0 Ton Diesel Forklift	M/s Radix Innovations Private Limited	Purchase Order no. TIL/KP/023 Dated: March 26, 2021	1	14.39
22	Switchboard Panel With MD Controller & RMU	M/s Pradip Powertech Private Limited	Purchase Order no. TIL/KP/07 Dated: August 5, 2020	1	6.20
23	Tensile Elongation Testing Machine(2 nos.) Hydro-static Pressure Testing Machine(3 nos.) Bursting Chamber Unit Machine(3 nos.)	Deepak Poly Plast Private Limited	Quotation no. DPPL/PCI/03/21-22/0110 Dated: May 15, 2021	1	13.42
24	High tensile black bobbins	H T Enterprise	Quotation no. 7 Dated: April 24, 2021	125,000	38.35
25	STP Plant	Excel Filtration Private Limited	Invoice no. 133/R/2020-21 Dated: September 11, 2020	1	14.76
26	Hydraulic Dock Leveller	Avians Technology Private Limited	Invoice no. 212/20-21 Dated: August 29, 2020	3	6.19
27	Fire Fighting Equipment	A.P Enterprise	Quotation no. APE/24/0041 Dated: April 24, 2021	1	4.18
<b>Total</b>					<b>2,341.90</b>

\* The above cost includes taxes and transport charges.

(Source: Purchase Order, Quotation and invoices received by our Company)

#### **d) Provision for Contingencies**

Provision for contingency on account of transportation costs, commissioning cost, insurance cost and other contingencies have been provided as ₹ 46.84 Lakhs, at about 2.00 % of ₹ 2,341.90 Lakhs, i.e. the total plant and machinery cost.

(Source: management estimation letter dated June 21, 2021)

#### **Implementation Schedule**

The proposed implementation schedule for Proposed Expansion is as under:



Activities	Estimated	
	Commencement (Month, Year)	Completion (Month, Year)
Civil & electrical works	November, 2020	June, 2021
Installation of Plant and machinery	May, 2021	July, 2021
Trial production	August, 2021	August, 2021
Commercial Production	September, 2021	N.A.

#### Power:

In relation to the Proposed Expansion, our Company will enter into a power supply agreement with Madhya Gujarat Vij Company Limited (“MGVCL”). MGVCL has vide letter NC/Tech1/HT/5078 dated November 11, 2020 provided estimated cost of ₹35.50 Lakhs for power connection charges which is considered as part of total cost of the project. Total estimated power requirement for New Manufacturing Facility is 1300 KW per annum.

#### Water:

In terms of the lease deed entered with Waleed Associates, Waleed Associates will provide water supply facilities to our Company at the New Manufacturing Facility. Accordingly, our Company intends to utilise supply of water from a borewell situated at Prime Industrial and Logistics Hub, Mouje- Hariyala, Taluka & District: Kheda, Gujarat for our New Manufacturing Facility.

#### Technical Knowhow:

Since our Company will undertake the same line of business activity, no other special technical “know how” is required.

#### Government Approval:

In relation to the Proposed Expansion, our Company has received consent to establish from GPCB. For further details, see the chapter titled “*Government and Other Statutory Approvals*” on page 150.

## 2. General Corporate Purposes

The remaining Net Proceeds, if any, shall be utilised towards general corporate purposes and the amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things including but not limited to meeting our routine capital expenditure, funding our growth opportunities, strengthening marketing capabilities and brand building exercises, and strategic initiatives and any other purpose as permitted by applicable laws; subject to meeting regulatory requirements and obtaining necessary approvals / consents, as applicable.

The quantum of utilization of funds towards any of the above purposes will be determined based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Board will have flexibility in utilizing surplus amounts, if any.

#### Estimated Issue related expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] Lakhs. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, and marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	Estimated Expenses (₹ in Lakhs)	% of Estimated Issue size	% of Estimated Issue expenses
Fees of the Lead Manager	[●]	[●]	[●]
Fees of Registrar to the Issue	[●]	[●]	[●]
Fee to the legal advisor, other professional service providers and statutory fee	[●]	[●]	[●]

Particulars	Estimated Expenses (₹ in Lakhs)	% of Estimated Issue size	% of Estimated Issue expenses
Fees payable to regulators, including depositories, Stock Exchange and SEBI	[●]	[●]	[●]
Statutory Advertising, Marketing, Printing and Distribution	[●]	[●]	[●]
Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	[●]

*\* Subject to finalisation of Basis of Allotment and actual 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 from the Issue.*

### Appraisal of the Objects

None of the Objects for which the Net Proceeds will be utilized have been appraised by any agency.

### Interim Use of Funds

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of 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 SEBI. We confirm that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate or related products.

### Bridge Loan

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities, including through secured or unsecured loans or any short-term instrument pending receipt of the Net Proceeds.

### Monitoring Utilization of Funds from Issue

As this is an Issue for an amount less than ₹10,000 Lakhs, there is no requirement for the appointment of a monitoring agency. The Board or its duly authorized committees will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in this Draft Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement including deviations and variations, if any, in the utilization of the Issue Proceeds from the Objects of the Issue as stated above.

### Strategic and Financial Partners to the Objects of the Issue

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**

There is no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds with our Promoters, Directors, associate company or Key Management Personnel of our Company in ordinary course of business and no part of the Net Proceeds will be paid as consideration to any of them. Further, except for the purchase of certain material for civil work and machineries in ordinary course of business from Pima Controls Private Limited, being member of Promoter Group as per the provisions of Regulation 2(1)(pp) of SEBI ICDR Regulations, as disclosed above, none of our Promoters, members of Promoter Group or Directors are interested in the Objects of the Issue.

## STATEMENT OF SPECIAL TAX BENEFITS

To,  
**The Board of Directors,**  
**Texel Industries Limited**  
Block No. 2106, Santej-Khatraj Road,  
Nr. Shah Alloys Ltd, Santej,  
Tal: Kalol, Gandhinagar – 382 721,  
Gujarat, India.

Dear Sirs,

**Sub : Statement of possible special tax benefits available to Texel Industries Limited, its shareholders and its material subsidiaries**

We report that the enclosed statement in the **Annexures**, states the possible special tax benefits under direct and indirect tax laws and Income tax Act, 1961 including amendments made by the Finance Act, 2021 and the Taxation Laws (Amendment) Act, 2020 (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 Acts, the Customs Act, 1962, the 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, its shareholders as the case may be, fulfilling the conditions prescribed under the Act. Hence, the ability of the Company, 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 Company does not have “material subsidiary” as defined and identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Issue. Neither we are suggesting nor advising the investor to invest in the Issue 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.

We also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Draft Letter of Offer and Letter of Offer “(**Offer Documents**)” of the Company or in any other documents in connection with the Issue.

We hereby give consent to include this statement of special tax benefits in the Offer Documents and in any other material used in connection with the Issue.

This certificate is issued for the sole purpose of the Issue, and can be used, in full or part, for inclusion in the Offer Documents and any other material used in connection with the Issue, and for the submission of this

certificate as may be necessary, to any regulatory / statutory authority, recognized stock exchanges, any other authority as may be required and/or for the records to be maintained by the Lead Manager in connection with the Issue and in accordance with applicable law, and for the purpose of any defense the Lead Manager may wish to advance in any claim or proceeding in connection with the contents of the offer documents.

This certificate may be relied on by the Company, Lead Manager, their affiliates and the legal counsels in relation to the Issue.

We undertake to immediately update you, in writing, of any changes in the above-mentioned information until the date the Equity Shares issued pursuant to the Issue commences trading on the recognized stock exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Rights Equity Shares commence trading on the recognized stock exchanges.

**Yours faithfully,**  
**For M/s. Sunil Poddar & Co.**  
**Chartered Accountants**  
**Firm's Registration Number: 110603W**

**Sd/-**

**CA. Sunil Poddar**  
Partner  
Membership No.: 041209  
UDIN: 21041209AAAAAT2804

Date: 18/06/2021  
Place: Ahmedabad

**CC:**  
**Vivro Financial Services Private Limited**  
Vivro House, 11 Shashi Colony,  
Opp.Suvidha Shopping Centre,  
Paldi, Ahmedabad-380 007,  
Gujarat, India  
(Vivro Financial Services Private Limited referred to as the “**Lead Manager**”)

**M/s. Kanga & Co.**  
Readymoney Mansion,  
43, Veer Nariman Road, Fort, Mumbai - 400 001  
(M/s Kanga & Co. referred to as the “**Legal Counsel**”)

## **ANNEXURE 1**

### **STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO TEXEL INDUSTRIES 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 TEXEL INDUSTRIES 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.
- d. 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 industry related information in this chapter is derived from the its reports titled “Geosynthetics Industry in India – May 2021” (referred as “D&B Report”) prepared by Dun & Bradstreet Information Services India Private Limited (“D&B India”), except for other publicly available information as cited in this chapter. Neither we nor any other person connected with the Issue has verified the information in the D&B Report or other publicly available information cited in this chapter. Further, the D&B Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends. Information in the D&B Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the D&B Report.*

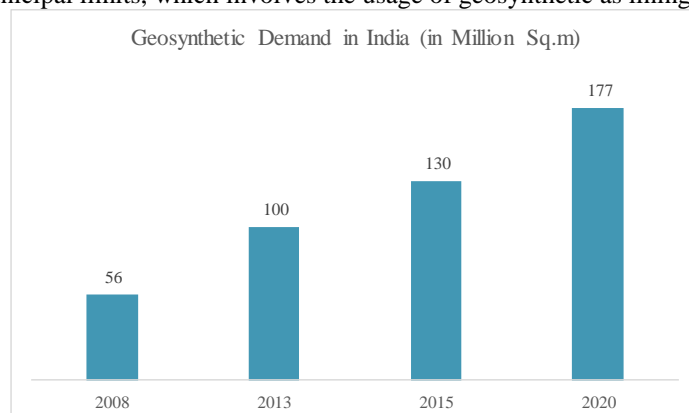
*Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, currency and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.*

#### Geosynthetic Market in India

Geosynthetic demand in India was 177 million sq.m per annum in 2020, increasing by a CAGR of 6.5% during the last five years period (2015-2020). Demand growth was stable during the 2014-19 period but dropped steeply in 2020 on account of the disruptions in infrastructure project due to the spread of Covid-19 pandemic.

Demand growth have accelerated in the past three to four years, mainly due to the following factors:

- Aggressive expansion in road network (both national highways and state highways), as more than 45,000 kms of national highways and 25,000 kms of state highways were added during FY 2015-FY 2021<sup>1</sup> period.
- Growth in railway network by nearly 8,500 kms and metro rail network by nearly 440 kms during the five year period 2015-2020.
- Pick up in demand, after the pro-active action by MoRTH urging both central and state agencies to increase the usage of geosynthetic materials in road construction projects (notified in 2018).
- Higher capital investment in waste management & sanitation projects, across various municipalities and townships in India, under PPP model. Entry of private players have brought scientific waste management practices into municipal solid waste management industry, trigger higher demand for geosynthetic products like geomembrane and geo composite clay liner.
- Approval of Solid Waste Management Rule 2016 that outlines new guidelines for solid waste landfill construction in municipal limits, which involves the usage of geosynthetic as lining materials.



Dun & Bradstreet Research

<sup>1</sup> FY 2021 data only available for national highways

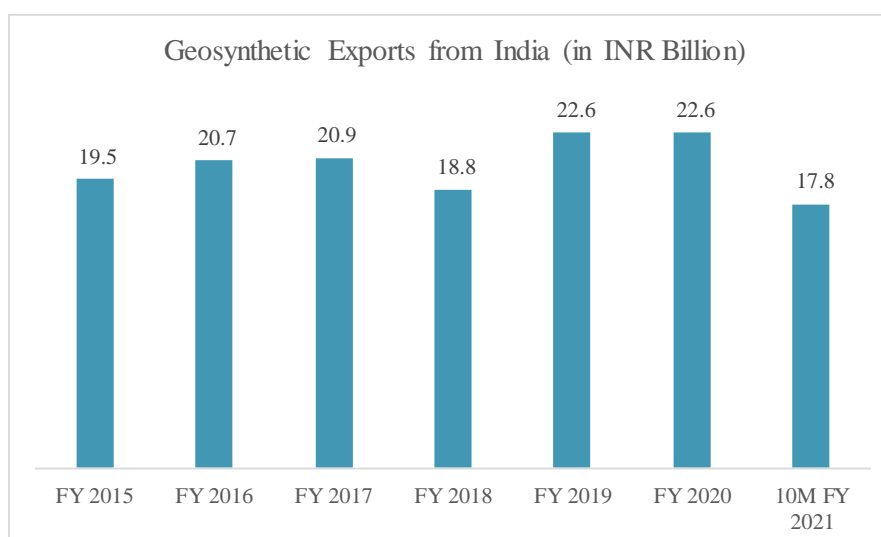


## Export and Import of Geosynthetics

The global market for geosynthetics is growing. In view of their special technical attributes, geosynthetics are being increasingly used globally to address dangers to infrastructure caused by degradation and natural disasters. Geosynthetics are also gaining currency across the world in the waste management industry as they offer isolation and protection (preventing seepage) to the surrounding soil substrate. The Asia-Pacific region, especially India and China, was predicted to gain the major market size by value by 2019. In case of India, with geosynthetics being given increasing importance and a host of supportive measures by the government, this is a segment with huge growth potential at the domestic as well as global level. India is a market that the geosynthetics industry can't afford to ignore.

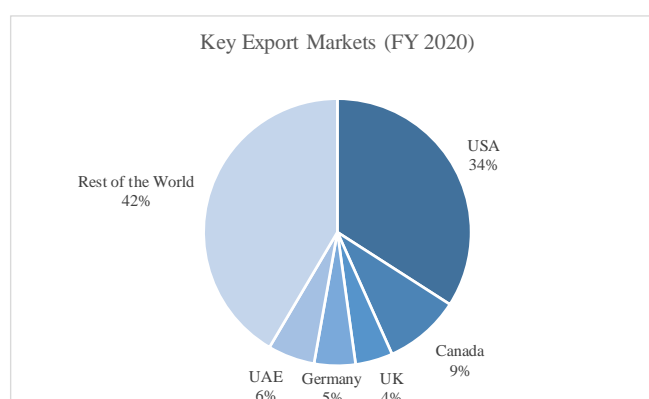
### Exports

The value of geosynthetic exports from India reached INR 22.6 Billion in FY 2020, capping a 3% CAGR for the five year period FY 2015-20. The value of exports during the first ten months of FY 2021 stood at INR 17.8 Billion. Going by the 10 month export value, the annual export value for FY 2021 would be lower than the previous year. Improvement in technical textile manufacturing infrastructure, in a big part helped by the entry of foreign players, have played a key role in increasing exports.



Source: Directorate General of Foreign Trade

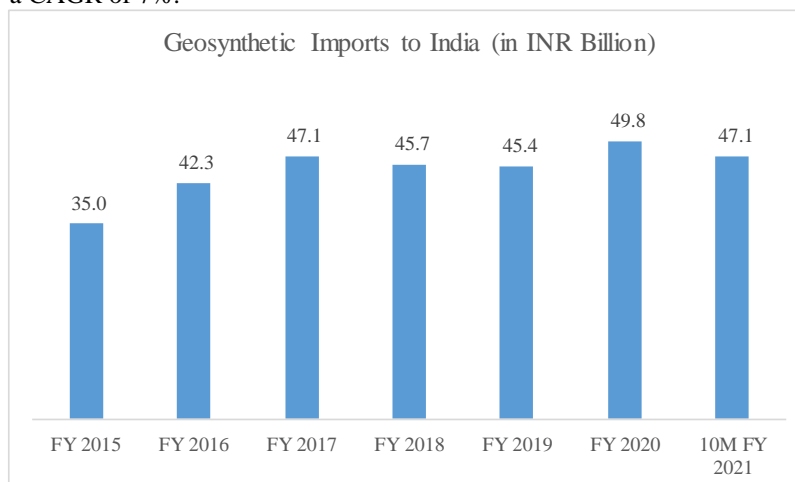
North America is a major export market for Indian geosynthetic industry. In FY 2020, USA and Canada accounted for 43% of the total geosynthetic exports from India, with US leading with 34% share. After North America, UK and Germany are the major export markets, accounting for 9% of total export revenue, each in FY 2020. Outside of North America and Europe, UAE is a major export markets, accounting for nearly 6% of geosynthetic exports from India in FY 2020. Together these five markets (US, Canada, UK, Germany and UAE) accounted for 58% of the total geosynthetic export (value) from India in FY 2020.



Source: Directorate General of Foreign Trade

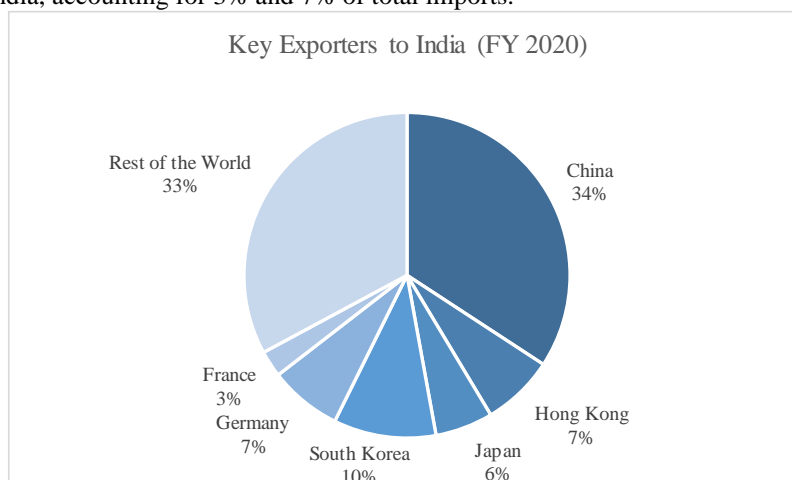
## Imports

Despite the stable growth in geosynthetic exports, India remains a net importer of geosynthetics. Total value of geosynthetics imported to India in FY 2020 was nearly INR 50 Billion, while the first ten months of FY 2021 recorded an import of INR 47 Billion. During the period FY 2015-20, the value of geosynthetics imported to India increased by a CAGR of 7%.



Source: Directorate General of Foreign Trade

China is the largest exporter of geosynthetics to India and accounted for 34% of total geosynthetic imports to India in FY 2020. Other major exporters include Hong Kong, Japan and South Korea, accounting for 7%, 6% and 10% of total imports respectively. Outside Asia, France and Germany are two leading exporters of geosynthetics to India, accounting for 3% and 7% of total imports.



Source: Directorate General of Foreign Trade

## Segmentation and Applications

Based on physical attributes, materials used, manufacturing process and applications, geosynthetics are divided into nine major product categories. All the product categories perform one or more of the following key functions – separation, reinforcement, filtration, drainage and containment. Depending on the products characteristics, each of these products are used as standalone or in combination with other geosynthetic products.

Product Segment	Key Application
Geotextiles	Geotextile is the largest product segment in geosynthetic industry, in terms of volume, and is used primarily for soil stabilization, reinforcement, and separation in road construction and railway projects.
Geogrids	Geogrids were used predominantly to reinforce retaining walls as well subsoils below roads or other structures. It is now finding applications in the construction of pavements

Product Segment	Key Application
	and dams.
Geomembranes	These are thick impervious plastic sheets used as lining material and as a containment material. As a lining material, geomembranes are used in ponds & canal linings, as well as in transportation and oil & gas applications. As a containment medium, it is used in waste management (in municipal landfills and industrial landfills) to prevent the seepage of effluents to soil. Compared to other products, geomembranes are relatively expensive.
Geonets	Geonets are used in landfills, foundation walls, methane roads, and asphalt concrete pavements, for erosion control and drainage.
Geosynthetic clay liners (GCL)	GCL is used as hydraulic barrier for water, leachate or other liquids, making it an ideal lining material in canals, storm water impoundments and wetlands. In addition, GCL is also used as replacement material for geomembranes as landfill liners.
Geofoams	Due to its lightweight nature geofoams are used where the requirement is for a lightweight material to reduce stress on subsoil or lateral pressure on retaining walls.
Geocells	Geocells are widely used in civil construction, for erosion control, and soil stabilization applications.
Geopipes	Geopipes are primarily used for leachate collection, mostly in landfills to facilitate collection and rapid drainage of leachate in a sump and removal system
Geocomposites	These are geosynthetic materials made from two or more geosynthetic products. Based on functionality, geocomposites are categorized into drainage, containment and others. Drainage is the largest segment, with applications in road construction, tunnels, retaining walls and other civil construction.

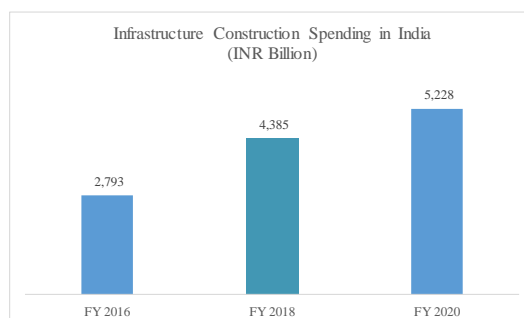
## Demand Scenario

### Infrastructure Sector:

Geosynthetic usage in infrastructure projects is in its infancy in India, compared to developed economies where it has become an integral part of the project. Lack of awareness about the advantages of using geosynthetics, together with failure to adopt modern construction practices are the two key factors that is preventing the growth of geosynthetics in India. Similar to global usage pattern, road infrastructure is the largest consumer of geosynthetics in the country. Its usage is highest in road projects in North East region where a strong soil stabilization medium is required due to the hilly terrain. However, its application in road projects in rest of India is yet to pick up.

Infrastructure spending, especially road construction, is the single biggest factor that is shaping geosynthetic demand in India. Hence, the growth in infrastructure spending, specifically in road construction projects have a direct influence on the growth of geosynthetic demand in the country.

Average annual spending on infrastructure in India is pegged at 9% of GDP, a level it first achieved in FY 2017. Since then the absolute spending on infrastructure have steadily increased. With economic growth closely tied to infrastructure development, Government spending on infrastructure construction projects has been increasing steadily. Consolidated annual Government spending on four key infrastructure segments ( roads & highways, railways, urban infrastructure and irrigation projects) has increased from INR 2,793 Billion in FY 2016 to INR 5,228 Billion in FY 2020<sup>2</sup>, representing a compounded growth rate of nearly 17%.



Source: Ministry of Statistics & Programme Implementation, Dun & Bradstreet Research

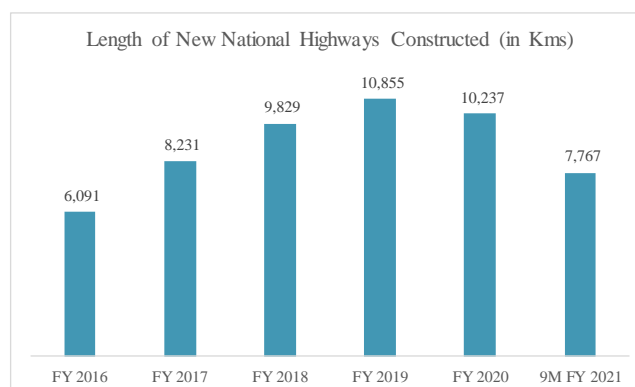
This massive growth in infrastructure construction spending have created abundant opportunities for construction materials ranging from cement, stone to steel. Despite the low penetration of geosynthetics in infrastructure construction, the overall growth in the number of construction projects and spending is bound to have an impact on the geosynthetic demand landscape.

### **Growth in Roads & Highways Network**

The probability of geosynthetic usage is highest in national highway construction, primarily projects commissioned by Union Government agencies like National Highway Authority of India (NHAI). Although India has one of the largest road network in the world, the country lags in national highway development which incidentally accounts for only 0.2% of the total road network.

Over the last 10 to 15 years, construction of roads & highways has picked up pace on the back of implementation National Highway Development Project (NHDP). NHDP focuses on upgrading the existing road network as well as extending the network by means of new projects. So far, a total of 29,000 kms of highways has been upgraded / construction with nearly 20,000 kms of network yet to be added / upgraded.

By end of FY 2021, national highway network in India reached 136 thousand kms, growing by a compounded annual rate of nearly 6% during FY 2016-21. During the last five years, an average of 8,000 kms of new highways were added.



Source: Ministry of Road Transport & Highways

### **Impact on Geosynthetic Demand**

Although the usage of geosynthetic in the country dates back to late 1980s, uniform standards and codes related to its usage is yet to be fully developed. Although Indian Road Congress and Ministry of Road Transport & Highways have issued few guidelines and standards over the years, regarding the usage of geosynthetics, application has been low.

In 2018, the Ministry of Road Transport & Highways issued a notification on the usage of geosynthetics in road construction. Through the notification, the ministry has encouraged project execution agencies, road construction tendering agencies, as well as state Government's to explore the usage of geosynthetics as early as DPR stage. The notification also directed state Government as well as project implementing agencies to use geosynthetics in road construction projects.

This meant the usage of geosynthetics in road construction in India have picked up post 2018, which was confined mostly to North East Regions. In the past couple of years (FY 2019 – FY 2021 P), nearly 28,000 kms of national highways have been constructed while state highway network has expanded by nearly 20,000 kms. The directive by MoRTH in 2018 meant, the use of geosynthetics in road construction in the last couple of years would be higher, compared to earlier years. Since Road & highway sector is the single largest consumer of geosynthetics, the higher usage in road construction have pushed up the overall geosynthetic demand in the country.

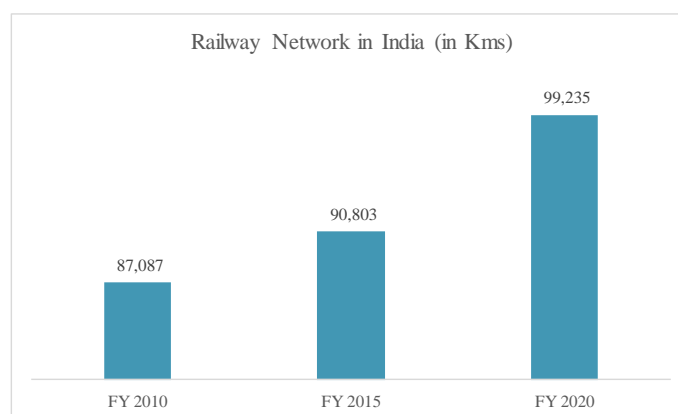
### **Growth in Rail Network in India**

Indian Railways use geosynthetics for applications including ground improvement, base stabilization, track bed stabilization, track drainage, steep slope stabilization and erosion control. After road & highways, railways are

the largest user of geosynthetics in India.

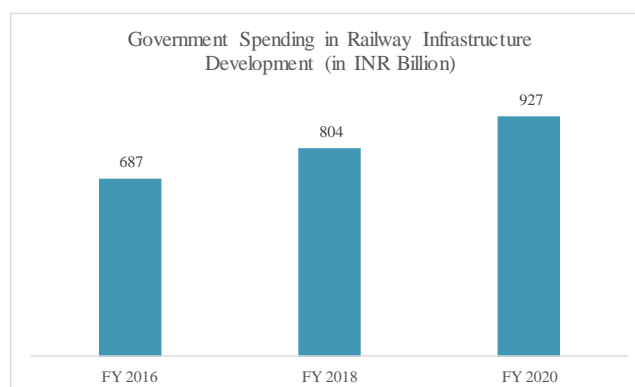
In 2015, Indian Railways announced its intention to use geosynthetics in 2,500 kms of rail network that passes through difficult and hilly terrain. The difficult terrain has forced Railways to impose speed controls in those stretch. By using geosynthetics the threat of erosion and weak load bearing is completely avoided. This move has gone a long way in increasing the acceptance of geosynthetic usage in railway track construction and upgradation.

As per Ministry of railways, rail network in India is nearly 99,235 kms as on FY 2020. During FY 2015 – 2020 period the rail network increased by nearly 8,400 kms. Given the usage of geosynthetics in new track laying, this increase in rail network had a direct correlation on geosynthetic demand in the country. With the introduction of high speed trains, the need for a robust track stabilization medium is important. Geosynthetics score over traditional methods in terms of load bearing and soil stabilization, which makes it an automatic choice for dedicated high speed rail networks.



Source: Ministry of Railways

Government spending on railways is pegged at INR 927 Billion in FY 2020, increasing by a CAGR of early 8% during FY 2016-20. Apart from increase in rail network, the Government is investing in track electrification, upgradation of network to enable high speed trains, and other infrastructure improvement in initiatives. This increase in capital expenditure, majority of which is allocated to rail infrastructure improvement, has helped in increasing the demand for geosynthetics from railways



Dun & Bradstreet Research

The growth in metro rail network has also created a positive impact on geosynthetic usage. Delhi metro rail corporation have used geosynthetic extensively in tunnel construction works, signaling a new avenue for geosynthetic usage in the country. Since then metro rail network in the country has increased manifold as metro projects came up across all major cities. The construction techniques from Delhi metro has been replication in other metro projects, which in turn has increased the demand for geosynthetics from metro rail projects.

### **Demand from Waste Management & Sanitation Segment**

Geosynthetics, particularly geomembranes are finding application in waste management & sanitation segment as

lining materials for landfills, due to their superior separation feature. Compared to existing materials, geomembranes provide better protection against seepage of effluents into subsoil and ground water.

Usage of geomembranes have picked up in the industrial sector, especially among industries that produce hazardous effluents. With stringent emission & effluent norms in place, the industrial sector is investing in creating robust waste treatment network, including landfills that ensures zero seepage. Geomembrane scores of other materials in this attribute and has become an automatic choice in industrial sector.

Geomembrane usage among municipal / local administration has been low. This is partly because of lack of awareness as well as unscientific waste treatment practices followed. Recent years have witnessed increased focus on waste management in cities and towns, with active involvement of private sector. The emerging PPP (Public Private Partnership) model, wherein private sector operates waste management infrastructure on a BOT (Build Operate Transfer) basis have ushered in modern waste management practices. This has paved the way for the usage of geomembranes as lining material in municipal landfills.

As per Sewage Waste Management Rule 2016 (SWM 2016), base sealing for municipal landfills has to be made of geosynthetic material, particularly geosynthetic clay liner and high-density polyethylene geomembrane. Implementation of SMW 2016 have helped in increasing the usage of geosynthetics in municipal solid waste management segment.

In FY 2020 alone, central and state Government together have spent close to INR 843 Billion in water supply, treatment and sanitation projects in key urban centers. This also includes setting up new landfills for municipal solid waste management as well as upgradation of existing landfills. Together with SMW 2016, this higher spending has really helped in improving the demand from this segment.

### **Demand from irrigation Sector**

Despite the presence of a large agriculture economy, India's crop production still depends heavily on rainfed farmland. More than half of the total land under cultivation in India is dependent on seasonal monsoon, in turning posing a serious risk to the agriculture sector. Creation of a robust irrigation network is one of the strategies to improve agriculture production as well as remove the variations caused by climatic changes.

Given the geographical size of the Country, creation and maintenance of a canal network to feed farm lands is a huge task. Moreover, the risk of water loss due to manmade and natural conditions reduces the effectiveness of canal network. Concrete lined canal walls were seen as a solution to prevent water loss due to seepage, but higher cost associated with it has made it uneconomical. On the other hand, the cost associated with earthen canals is comparatively low, but water loss due to seepage is estimated at 50%. This is in addition to erosion of walls as well as growth of vegetation on walls

Geosynthetics with its superior barrier properties is ideal in solving all the challenges outlined above. Usage of geomembrane which have excelled barrier property can reduce loss due to seepage drastically. Moreover, lining the canal walls with geosynthetics also limits erosion and eliminates vegetation growth. Despite these obvious advantages, the penetration of geosynthetics in irrigation sector remains low. Its growth in this sector hinges on the capacity of the industry to improve awareness level among stakeholders – primarily Government agencies. Success in improving the awareness level will help the industry to fully exploit the opportunities arising out of the irrigation projects. The budgetary outlay for irrigation & flood control projects has increased from nearly INR 9 Billion per annum in FY 2016 to INR 29 Billion in FY 2022 budget. Given the focus on infrastructure projects, and plans to improve agriculture productivity, the annual capital outlay for irrigation projects is expected to continue its upward growth trajectory. This would be a positive for geosynthetic industry, provided the industry is able to raise the awareness level of its product.

Apart from irrigation project, the ambitious river linking project also provides a massive opportunity for geosynthetic industry. The river linking project involves creation of reservoirs and canals, in a bid to enhance irrigation and improve groundwater recharge. Given the size of this project, penetration of geosynthetics will result in creating a massive demand boost.

### **Demand from Other Infrastructure Segments**

Apart from transportation sector (roads and railways), geosynthetics are also used in infrastructure sectors like ports, airports, irrigation projects and energy.

**Ports:** Geo tubes, Geomembranes and geobags are used at ports to prevent shore line erosion by water at ports. While the penetration of geosynthetics is not significant at present, the preference for use of geosynthetics in ports is growing and the market is expected to grow at a good rate in the next 10 years. The need for environment-resilient infrastructure along India's coastline will drive the demand for geosynthetic products.

Coastal areas are dynamic with unique geomechanical features such as soil instability and soft soils leading to a weak foundation. This creates the requirement for geosynthetics to provide soil stability. States requiring significant amount of investments in geosynthetics such as gabions, geobags, etc. are Odisha, Tamil Nadu, Maharashtra, Kerala and Andhra Pradesh which would see significant development in the port sector

**Airports:** The construction of runways and reinforcing pavements requires extensive application of geosynthetics to provide a smooth and even surface. Steep reinforced embankments or gabion walls are used to provide the flat area for runways and other airport infrastructure. In airport runways and taxiways, non-woven geotextiles is used for separation, draining as well as filtration.

**Irrigation:** Geosynthetics industry has developed a variety of materials that are useful in the development of irrigation and drainage projects, particularly for controlling seepage and erosion. Geosynthetics now provide options for the design and construction of low embankment dams, cost-effective solutions for slope and channel protection, and long-term solutions for the control of seepage losses from reservoirs and channels.

**Energy:** In coal mining, geosynthetics are used as erosion control materials, silt fences, and sedimentation pond liners. Moreover, it is also an excellent material for Mine safety applications & mechanically stabilized earth (MSE) stabilization berms and final cover for coal spoil tips. In Oil & Gas exploration, geomembrane liners are used at well sites to control surface contamination and as secondary liners for storage tanks and tank farms. In hydropower projects, geosynthetics can be used for clay liners. Geomembranes can also be used on the upstream face of earth fill, concrete and roller compacted dams. Geonets, geocomposites and geotextile drainage materials can be used between the dam and the waterproofing geomembranes

### **Demand for Geomembrane**

Geomembranes are used primarily for its containment properties, as a barrier in the liquid storage. In addition, it has also found usage as floating covers, cover for hays/ grains, retention cover and tarps, on the back of its moisture retention properties. Its the containment property that led agriculture sector to use geomembrane as a lining medium, to prevent seepage of water to soil, rock or any other medium. Its barrier property also helps water from getting contaminated from impurities present in the surface.

### **Application in Agriculture Sector: As lining medium in agriculture / farm ponds**

Indian agriculture sector is predominantly rainfed with irrigation network covering less than half of the total cropped area. This exposes the sector to a high degree of risk, caused by the vagaries of climate change. The impact is already felt, with large scale of regions in Maharashtra, Karnataka, Telangana and Andhra Pradesh, reeling under drought like conditions, almost every year during summer months. These four states form an integral part of Indian agriculture sector – both in terms of area under cultivation as well as crop production. Thus, unfavorable climatic condition together with under developed irrigation infrastructure in these states directly impacts the national agriculture landscape.

Agriculture ponds / farm ponds are promoted as the solution to tide over water crisis caused by climatic variation as well as developing a sustainable irrigation source. Both national and state Governments have designed specialized schemes to promote farm pond adoption in the country. Scientifically constructed farm ponds have the potential to retain water (collected through rainwater harvesting system) for up to 10 months, thus directly solving water scarcity faced by agriculture sector during summer months.

The state of Maharashtra has been in the forefront, when it comes to creating farm ponds. Acute water scarcity in Vidarbha and Marathwada, combined with very low coverage of formal irrigation network have fast tracked the adoption of agricultural ponds in the state. Backed by several Government subsidy programs, thousands of farm ponds have come up in the state. Similar pick up in farm pond construction is also observed in other three states, namely Karnataka, Telangana and Andhra Pradesh.

Presence of farm ponds have a direct correlation with growth in agriculture income. Year around availability of water through farm ponds have helped in cultivation of a second crop. Moreover, it has also helped in growing

water intensive crops as well as horticulture products. These developments have directly contributed to a rise in surplus farm income. This visible impact created by farm ponds has been the primary reason behind its wide spread adoption in rural areas.

### **Increase in farm ponds and its impact on geomembrane demand**

The superior containment and barrier properties of geomembrane makes it the preferred lining material for farm ponds, to prevent water seepage. Given the arid landscape in draught hit regions in Maharashtra, Karnataka and other two states, water seepage is a major challenge faced while constructing farm ponds. This in turn reduces the water retention capability of farm ponds, undermining its capacity to hold water for 10 months. This underlines the need for a lining material in farm pond construction, which in turn directly helps in increasing the demand for geomembrane. Depending upon the dimension, the volume of geomembrane lining material required for farm pond construction range from 700 sq.m to 1,700 sq.m<sup>3</sup>. Hence the growth in the number of farm ponds constructed together with penetration of lining material will directly increase the demand for geomembrane.

### **Role of Government regulations in promoting farm ponds & usage of lining materials**

Union Government, and various state Governments have used subsidy / financial incentives built in a host of schemes to promote the construction of farm ponds as well as usage of lining materials. Given the financial profile of average farmer in the country, Government incentives are the primary lever in creating demand for agriculture oriented products or services.

Accordingly, the Union Government have notified several financial incentive schemes under flagship programs like National Food Security Mission (NFSM), National Horticulture Mission (NHM), National Mission for Sustainable Agriculture (NMSA), Horticulture Mission for North East & Himalayan States (HMNEM), and National Mission on Oilseeds and Oil Plants (NMOOP). Incentive schemes under all these flagship programs involve providing financial grants for the construction of ponds with lining materials.

### **Key regulations notified by Union Government to promote construction of farm ponds with lining**

Department of Agriculture & Cooperation (Ministry of Agriculture) have notified several schemes pertaining to farm pond construction, under the broad activity of water harvesting & irrigation. Notable schemes include:

- Financial assistance to the tune of INR 20 Lakhs for the construction of farm pond / community tank (specification 100 meter x 100 meter x 3 meter) with plastic / RCC lining. In the case of construction in hilly areas, the financial assistance is INR 25 Lakhs per unit. In both the cases, the command area is 10 hectares while plastic/RCC lining used should be 500 micros. In the case of ponds of smaller dimensions, the assistance will be on pro rate basis, depending upon the command area. These schemes are notified under NMSA, HMNEM, and NHM.
- Policy support in the form of 50% of cost of construction (limited to INR 75,000 per beneficiary in plains and INR 90,000 in hilly regions) for constructing farm ponds with dimension 20 meter x 20 meter x 3 meter. The financial assistance is provided to individuals, and plastic / RCC lining specifications is notified at 300 micros. In the case of ponds with smaller dimension, the financial support will be on pro rata basis. Similar to the above scheme, this too falls under NMSA, HMNEM, and NHM.
- Financial assistance up to INR 40,000 for construction of farm pond of dimension 20 meter x 20 meter x 3 meter with an additional INR 40,000 for lining. This support is specifically for construction of ponds with linings, so as to reduce the percolation loss. The financial assistance notified under NMOOP caps the total assistance at INR 75,000 and INR 90,000 in the case of plains and hilly regions respectively.
- The Department have also notified a financial assistance of 50% of cost incurred exclusively for lining purposes for ponds / tanks constructed under MNREGA / WSDP programs. The financial assistance is capped at INR 25,000 and is notified under NMSA program.
- To encourage construction of larger tanks & ponds with lining that serves as water harvesting system for entire communities, the department have notified a financial assistance up to 100% of cost of construction

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<sup>3</sup> 708 sq.m for dimension 15 x 15 x 3 (in mts) and 1,730 sq.m for dimension 30 x 30 x 3 (in mts)



(capped at INR 20 Lakhs / unit in case of plains and INR 25 Lakhs / unit in case of hilly areas). The assistance for a command area of 10 hectare.

### **Key regulations notified by State Governments to promote construction of farm ponds with lining**

The dire water situation in Vidarbha and Marathwada regions have led the Maharashtra Government to launch multiple schemes specifically for the construction of farm ponds. Notable of these include Magel Tyala Shettale (translated as farm ponds on demand) and Jalyukt Shivar Abhiyan.

- **Magel Tyala Shettale Scheme (Maharashtra) :** Under this scheme, the Maharashtra Government provides subsidy to eligible farmers for construction of farm ponds with the objective of water conservation for farming purposes. Financial assistance to the tune of INR 50,000 per applicant is earmarked under this scheme, with the total corpus to support construction of 51,369 farm ponds across the state. So far Maharashtra Government have received 24,156 applications for construction of farm ponds under this scheme, of which work for 11,118 applications has been completed<sup>4</sup>.
- **Jalyukt Shivar Abhiyan (Maharashtra):** The scheme was launched in 2016 to completely remove water scarcity in 5,000 villages across the state. The scheme involves construction of water conservation infrastructure in villages (which also include ponds & tanks for water storage) and is billed as one of the largest Government initiative in terms of public participation.
- **Krishi Bhagya Scheme (Karnataka):** Krishi Bhagya is the flagship scheme by the Government of Karnataka to support farmers in the construction of plastic / polyethylene lined farm ponds. The scheme was introduced in 2013, and between 2013 and 2020 nearly 1.18 lakh ponds were constructed in the state. In 2019-20, construction of ponds under this scheme was done under the MNREGA program, which saw the construction of 16,303 structures. For 2020-21, the state Government sanctioned the construction of 56,632 ponds. By the second quarter of FY 2021, nearly half of the total sanctioned were completed while the remaining were under various stages of construction.

The financial assistance policies implemented by the Union Government and State Governments have resulted in massive expansion in farm pond construction in the country, with high concentration in the states of Maharashtra and Karnataka. With most of the scheme mandating the usage of lining, these schemes have directly helped in improving the demand for geomembranes – which is the preferred lining material.

Farm ponds are seen as a vital infrastructure in meeting the irrigation needs of rainfed farmlands. The cost advantage of farm ponds – over irrigation canal infrastructure – makes this model a preferred option, with high probability of replicating in other states. Hence the expansion of farm pond network in the country is expected to create huge demand for geomembrane.

### **Application in Aquaculture**

Geomembrane usage in aquaculture is on account of its superior barrier properties, as against agriculture sector where its usage stemmed from containment properties. The biggest challenge to aquaculture farms is the occurrence of disease and infections in the harvest, leading to partial or full loss. The most common cause of infections in aquaculture pond comes from surface soils, which can pass on anything from harmful micro-organisms to waste water run-offs. Reinforced geomembranes with its superior barrier properties have emerged as an excellent liner for aquaculture ponds, providing near total protection against soil born contaminants. With scientific aquaculture practice spreading among aquaculture farms in the country, the demand for geomembrane liner from aquaculture farms has increased.

### **Indian Aquaculture Sector**

India is the second largest producer of fish in the world, with annual production touching estimated to be nearly 14 million tons in FY 2021. Approximately 65% of annual fish production comes from inland sources, and 50% of that can be attributed to culture fisheries / aquaculture farms. Hence, in absolute terms approximately 4.6 million tons of fish produced annually in the country comes from aquaculture farms.

As on FY 2018<sup>5</sup>, the total area under ponds & tanks used for aquaculture was 2.48 million hectares. About 54%

<sup>4</sup> <https://diphupoly.in/magel-tyala-shettale-scheme/>

<sup>5</sup> Handbook on Fisheries Statistics 2018, the latest version of the handbook

of this is concentrated in five states – Telangana, West Bengal, Tamil Nadu, Andhra Pradesh, and Uttar Pradesh. Tanks & ponds accounted for 30% of the total area under inland fisheries<sup>6</sup> and almost completely account for culture fish production. Between FY 2015 and FY 2021 (estimate) fish production from culture fisheries / aquaculture has increased by a CAGR of 6%, from 3.5 million tons per annum to 4.6 million tons per annum. This increase in more than a million tons during a span of 5 years can be achieved only by expanding the area under fish production, by construction more aquaculture ponds and tanks.

With geomembrane acceptance growing among aquaculture industry in India, this expansion in the number of aquaculture ponds and tanks is a demand enabler, directly contributing to demand growth of reinforced geomembrane.

### **Impact of Government Regulations**

The Central Sector Scheme (CSS) Blue Revolution, launched in 2014 with a central outlay of INR 3,000 Crore is the flagship scheme for the development of fisheries sector in the country. The scheme focuses on enhancing the production and productivity of aquaculture farms (among others). The scheme restructured as Integrated Development and Management of Fisheries brought together all the schemes in the fisheries industry under one policy.

Under this scheme, the National Fisheries Development Board (NFDB) have outlined several schemes that directly contributes to the expansion of aquaculture farm infrastructure in the country. Notable among these are the financial assistance provided for the construction as well as renovation of aquaculture farms. Given the fragmented nature of the industry, with small individual owned farms, the presence of a robust policy structure with appropriate financial assistance is essential in expanding the farm infrastructure. In this regard, the financial support structure outlined directly supports aquaculture industry.

- Financial assistance to the tune of 100% of cost – with a maximum limit of INR 7 Lakh – for the construction of new ponds and tanks for fish farming. This scheme is applicable for both individuals as well as corporates / collectives.
- Repair / renovation of existing tanks and ponds, on a standalone basis as well as under MNERGA program. The financial assistance includes INR 3.5 lakh per hectare of space under aquaculture farming.

At present the yield per hectare specifically from aquaculture ponds & tanks is estimated at approximately 1,900 kgs in FY 2021. This yield is after factoring the loss incurred due to water contamination, leading to disease. Given the effective barrier properties of geomembranes, the chances of disease outbreak from contamination from surface soil can be minimized by lining the ponds & tanks with reinforced geomembranes. At present the practice of lining ponds & tanks with reinforced geomembrane is not widespread. Popularizing this practice could go a long way in improving the yield per hectare.

The case for using reinforced geomembrane as lining in aquaculture ponds & tanks is gaining traction, thanks to the increasing awareness about its superior barrier properties. Adopting scientific practices in the construction of aquaculture ponds will go a long way in leveraging the strong position of the country in the global fish market. With the implementation of multiple Government policies, directed towards providing the much needed financial assistance, domestic aquaculture industry is primed for adopting reinforced geomembrane lining in pond construction.

### **Government Initiative**

#### **Support for Creating Manufacturing Infrastructure**

The Government in September 2020 approved “National Technical Textile Mission” for a period of four years (FY 2021 to FY 2024), with an outlay of INR 1,480 Crore. The program focuses on four aspects: promoting research & innovation to develop geosynthetics suited for Indian conditions, promotion and market development, skill development, and export promotion.

Of this nearly 68% is allocated to research & innovation initiatives. Apart from research on geosynthetics, this part also involves promoting research activity towards the development of indigenous machineries and process

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<sup>6</sup> Includes canals, rivers, reservoirs, and brackish water

equipments used in the manufacturing of technical textiles. This is inline with the Make in India program, to decrease the reliance on imports for capital goods.

### Better Monitoring of Exports and Imports

The Government in early 2019 notified Harmonized System of Nomenclature (HSN) for 207 technical textile items. This initiative is to provide a clear classification of technical textiles which are spread across various chapters of HSN classification. Apart from monitoring imports, this classifications also helps technical textile manufacturers classify their products enabling them to avail export incentives that is provided by central and state administration. This notification is also a step towards declaring technical textiles as a separate category.

### Growth Prospects

Geosynthetic usage in India had a slow start, particularly during the 1990s period. Its usage began to pick up only in 2000s, coinciding with the Government policy on infrastructure improvement. Although the last decade witness the launch of numerous flagship road construction projects, this did not automatically translate into higher demand for geosynthetics. Instead early demand was concentrated mostly on North East regions where traditional soil stabilization materials were proving to be ineffective, leading project execution agencies to explore alternative materials like geosynthetics.

Since then its usage have expanded – albeit at a slower pace – to road construction projects that were being executed in the rest of the country. However, lack of awareness about the advantages offered by geosynthetics – over traditional materials – and higher cost prevented the growth in demand. It was only in the last decade that geosynthetic demand began to pick up strongly, on the back of pro-active policy initiatives by the Government. Moreover, the product also started gaining acceptance in hazardous industrial segments, as tightening regulatory norms led companies in that segment to implement scientific waste management practices – which included usage of geosynthetic lining for industrial waste landfills.

The strong growth in geosynthetic demand during the past few years is an indicator of the success of policy initiatives as well as improvement in product awareness levels. Domestic geosynthetic industry has reached a stage wherein it can directly benefit from infrastructure construction projects.

Indian Government announced INR 102 Trillion infrastructure development vision plan in December 2019, which encompass major expansion across all infrastructure segments over the next five years. To be executed under the broad National Infrastructure Pipeline (NIP) program, the investment was revised upward to INR 111 Trillion in May 2020. This massive infrastructure investment plan, spread across the next five years will form the cornerstone in the future growth of geosynthetic demand in the country.

### Infrastructure Investments Envisaged Under NIP till 2025

Sub Sector	Planned Investment 2020-25 (in INR Trillion)	% Share in Total Investment
Road	20.3	18.3%
Railway	13.7	12.3%
Aviation	1.4	1.3%
Urban Infrastructure	19.2	17.2%
Industrial Infrastructure	3.2	2.8%
Others	53.5	48.1%
<b>Total</b>	<b>111.3</b>	<b>100%</b>

Government of India

Major infrastructure projects that would trigger geosynthetic demand in the coming years:

**Bharatmala Project:** Planned road construction under Phase I and projects that are expected to come up in the second phase will be form the core of road network expansion initiative in the country, over the next few years. Phase I of Bharatmala project (announced in 2017) would go on till FY 2022 post which Phase II is expected to start. Nearly 9,000 to 10,000 kms of roads are expected to come up in the next couple of years, under Phase I of the program. National Highway Authority of India (NHAI) have identified 5,000 Kms of roads to be build during Phase II of the project, which is expected to be awarded in 2023.

**Urban Metro Rail Projects:** Currently India has nearly 700kms of metro rail, that are spread across 13 cities in the country, which is expected to reach 1,000 kms by 2022. Nearly 900 kms of metro lines are under various stages of approval & construction while nearly 1,000 kms of lines are proposed.

**Dedicated Freight Corridor (DFC) Network:** DFC – initiated by the Ministry of Railways under the direction of Government of India – involves the construction of six dedicated freight corridors spread across the country. Of this two corridors (with a combined length of nearly 2,800 kms of rail network are expected to be operational by 2021. The remaining four corridors are in the planning phase, all of which are expected to be operational by 2030.

**Initiatives in Municipal Solid Waste Management:** As per a study undertaken in 2016, India generates nearly 277 million tons of municipal solid waste every year. Rapid expansion in urban population together with absence of a structural waste management policy have deteriorated the situation. With annual municipal waste generation expected to touch 390 million tons in 2030 there is an urgent need to reform municipal solid waste management in the country. The introduction of PPP model, which has led to the entry of private players, is expected to increase the investment flow in this segment along with adoption of scientific waste management practices. With geosynthetics forming an integral part of waste management practices followed by private players, increased focus in this segment will help increase geosynthetic demand from this segment.

All these projects, on execution, is expected to propel the demand for geosynthetics in the years to come. Given this, the annual demand for geosynthetics is expected to settle between a broad range of 236 million sq.ft and 285 million sq.ft by 2025.

## OUR BUSINESS

*Some of the information in this chapter, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 22, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 87 and 139, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this chapter is derived from our Audited Consolidated Financial Statements and Unaudited Limited Review Financial Results.*

### Overview

Established in 1989, we are an ISO 9001:2015 certified company engaged in manufacturing of tarpaulins and geomembranes with an experience of more than three decades. We manufacture a wide range of geosynthetic textile products which includes tarpaulins, geomembranes, vermibed, geotank, geotube, grow bags azollabed, and water proof membrane. Our products are used in agriculture, aquaculture, horticulture, animal husbandry, civil engineering, water harvesting, water conservation and disaster relief, landscaping, transportation and waste management.

Presently, we have one manufacturing facility which is located at Santej, Gandhinagar district, Gujarat. We have an installed manufacturing capacity of 9,000 MT per annum for geosynthetics textile products including tarpaulins. We are in the process of setting up a new manufacturing facility at Unit No. P-2, Prime Industrial and Logistic Hub, Mouje- Hariyala, Taluka & District: Kheda, Gujarat which will expand our installed manufacturing capacity by 10,080 MT per annum for geosynthetics products.

Our products cater to different customers such as government departments, government organizations and private businesses and farmers. Our products are also sold to farmers through government tenders and market our products online. Our customers are from different industries which include agriculture, infrastructure and irrigation.

### Our financial performance

Our financial performance, on consolidated basis, for the nine months period ended on December 31, 2020 and December 31, 2019 and for the Fiscal 2020 and Fiscal 2019 are summarized below:

(₹ in Lakhs)

Particulars	Nine months ended on		Fiscal	
	December 31, 2020*	December 31, 2019*	2020	2019
Revenue from operation	5,504.14	7,568.21	9,531.36	11,235.36
EBITDA	344.96	442.84	516.49	547.72
Net Profit after Tax (before OCI)	137.46	173.01	207.24	222.72

\*Limited reviewed and unaudited.

### Our Strengths

#### 1) Experienced manufacturer of geomembranes and tarpaulins

With experience of more than three decades, we specializes in manufacturing geomembranes and tarpaulins besides other products like azolla bed, vermibed, geo tank, geotubes, grow bags, water proof membrane and enjoy an established market presence in the same driven by long-standing relationship with our customers. Our revenue from geomembranes and tarpaulins accounts for 77.67% and 82.68% of revenue from operation for nine month period ended on December 31, 2020 and Fiscal 2020. Further, with proposed expansion project, our product portfolio will be expanded which will include geomembrane, tarpaulin, floating covers, roof tile underlay fabric & building and lumber wraps that will have up to 4-meter width as against existing products like geomembrane and tarpaulin having up to 2-meter width.

## **2) Diversified customer base**

Our Company's products caters to varied customer base from diversified industries such as agriculture, aquaculture, horticulture animal husbandry, civil engineering applications, water conservation, water harvesting, disaster relief, landscaping, transportation and waste management. We focus on maintaining and establishing long-term relationships with our customers. We believe that we have an ability to address the varied and expanding requirements of our customers. Our diversified customer base has helped us in introducing new products thereby expanding our product portfolio and consequently helping us in expanding into new geographies.

## **3) Rich experience of Management Team**

Mr. Shailesh R. Mehta, the Managing Director of our Company has a proven background and rich experience in the geosynthetics industry. Mr. Shailesh R. Mehta has been on the Board of our Company since 1989 and has more than 3 decades of industrial experience with specific knowledge in plastics industry. Further, our Company is managed by a team of experienced personnel having operational and business development experience. We believe that our management team's experience and their understanding of the geosynthetics industry will enable us to continue to take advantage of both current and future market opportunities and help us in addressing and mitigating various risks inherent in our business, including significant competition, the global crisis ensued as a result of the COVID 19 pandemic and fluctuations in our raw material prices.

## **Our Strategies**

Our strategic objective is enrich farmers' lives by bringing about ease of irrigation and substantial increase in yields. Through our products, we aim to contribute in solving two key global issues – water scarcity and food security.

### **1) Expansion of our existing production capacity**

Our Company presently has an installed capacity of 9,000 MT per annum geosynthetics textile products including tarpaulins. As a part of our expansion strategy, we are setting new manufacturing facility at Kheda district which will increase our manufacturing capacity by 10,080 MT per annum. Our capacity utilization for Fiscal 2020 was 60.48%. With the proposed addition of manufacturing capabilities, we believe we will be able to expand our product portfolio to include geomembrane, tarpaulin, floating covers, roof tile underlay fabric & building and lumber wraps that will have up to 4-meter width which will help us to satisfy the requirement of customers in both domestic and export markets. Our Company has estimated a capital outlay of approx. ₹2,992.24Lakhs to be met out of proceeds of right issue, internal accruals and bank borrowings.

### **2) Continue to focus on cost efficiency and improving productivity**

Increased competition has encouraged the players in geosynthetics industry to find innovative ways to reduce cost and increase the overall efficiency. We intend to focus on keeping our operating costs low, which we believe is critical for remaining profitable, by implementing measures to reduce our operating costs and improving our operational efficiencies. Our focus is to develop and adopt efficient technologies to further improve the quality of our products and optimize our production costs. We believe our focus on developing cost - reduction strategies and implementing more sustainable methods in our operations will enable us to achieve cost leadership position.

### **3) Expanding our global presence**

Our products have demand in international markets as well. Through a combination of increased capacities, reduced costs, wider range of products adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, we intend to expand our global presence and become a key supplier of geosynthetics markets. We have also established wholly owned subsidiary, "Texel Industries (Africa) Limited" in Kenya through which Company intends to promote and market our Company's product in Africa region.

## Location of our Business

### Registered Office and factory

Our registered office and factory are both located at Block No. 2106 Santej - Khatraj Road, Vill: Santej, Ta: Kalol, Dist: Gandhinagar – 382721, Gujarat. The land on which our registered office and factory is situated is a freehold property owned by our Company.

### Other Properties\*

Our other properties are located at below mentioned addresses:

Sr. No.	Address	Description	Purpose for which the property is utilized	Property type
1	Block No. 2110 Santej - Khatraj Road, Vill: Santej, Ta: Kalol, Dist: Gandhinagar – 382721, Gujarat.	-	Workers quarter	Owned
2	Unit No. P – 2, Prime Industrial & Logistics Hub, Mouje Haryala Taluka, District: Kheda. Gujarat.	New manufacturing facility	-	Leased
3	407&410, Arjun Apartment, Opp. Samartheshwar Mahadev, Law Garden, Ahmedabad – 380006, Gujarat, India	-	Vacant	Owned
4	Shed No. 39, Dhara Estate, Santej-Khatraj Road, Village: Santej, Tal. Kalol, Dist. Gandhinagar – 382721, Gujarat	-	Warehouse	Leased
5	Plot No 64, APMC Yard, Nr. Siddheshwar Temple, Bijapur Road, Athani, Belagavi, Karnataka-591304	-	Warehouse	Leased
6	Shop No. 1 and 2, Gate No. 258/1/B/3, Miraj Road, Sangola, Solapur, Maharashtra 413307	-	Warehouse	Leased

*\* Our Company utilises 9 other premises for storage of the Company's products. Our Company had previously entered into leave and license agreements for 7 of the said premises with third parties. However these agreements have expired and the Company has been unable to renew the same on account of lock-down restrictions in India due to COVID-19. Further, our Company is using 2 premises for which no formal leave and license agreement is executed. However, the owners of the said premises have provided their consent to the Company to use the said premises.*

### Plant and Machinery

We use tape extrusion plant, circular weaving machines, extrusion coating machine, multihead sealing machines, automatic baling and banding machines, chilling plant etc. to manufacture geosynthetics product.

### Existing Installed Capacity

The details of the existing capacity of the manufacturing unit are given below:

Type	Installed Capacity as on March 31, 2020	Production for Fiscal 2020	Utilisation (%) approx.
Geosynthetic textile products including tarpaulins	9,000 MT per annum	5,443.01 MT	60.48%

### Products manufactured

Our Company is engaged in the business of manufacturing of geosynthetics. Our products include:

### **1) Geomembrane:**

Geomembranes are low permeability synthetic liners used to control fluid or gas migration within soil, rock, earth or any other geotechnical material, as an integral part of man-made product, structure or system. Thickness of geomembranes ranges from 0.30 mm to 1.50 mm. Geomembranes are used in agriculture for water harvesting and conservation, aquaculture horticulture, landscaping and for waste water storage and treatment in industrial applications.

### **2) Tarpaulins:**

Our HDPE polywoven tarpaulins coated with LDPE are highly versatile waterproof plastic sheets of various thicknesses which have multiple uses in the fields of agriculture, building & construction, energy, transport camping and recreation, infrastructure and disaster relief among others. In agriculture tarpaulins are used to protect the expensive farm produce, fruits and vegetables from contamination and damage during harvesting, packing operations & entire crop management, crop drying, trashing operations, grain/harvest covers and Fumigation covers.

### **3) Vermibed:**

Vermibed is cost effective solution for making vermicompost and are specially manufactured to cope with both indoor as well outdoor composting operation. Vermibeds are manufactured from 100% multilayer coated HDPE woven reinforced fabric with UV stability and are puncture resistant, waterproof and unaffected by most chemicals which makes them strong, durable and compact. It can be manufactured as per customer's requirement.

### **4) Geotank:**

Geotank is a portable structure that facilitates water storage requirements in the landlocked regions. Geotanks addresses the problem of water scarcity in the remote and hilly areas. We manufacture geotanks with storage capacity ranges from 10,000 litres to 280,000 litres. Geotanks are also used in aquaculture.

### **5) Geotube:**

Geotube or lay flat tube is a flexible pipe made of HDPE reinforced fabric. Geotubes are used in agricultural activities for water conveyance where the geographical area is rough or uneven. Geotubes are specially designed to withstand against the atmospheric exposure and is UV stabilized to sustain for longer life span. Geotubes are used as counter weight over the Geomembranes installed in the artificial ponds, to protect Geomembrane flutter during stormy winds.

### **6) Grow bags:**

Grow bags are plastic bags filled with the growing medium used for growing plants such as tomatoes, mints, etc. Grow bags are lighter than the clay pots and are more durable. Grow bags are made up with a combination of flexible material with tough construction to sustain the atmospheric exposure. Grow bags regulate temperature due to their breathable quality. Excess heat is able to escape from all sides of the grow bag. Grow Bags are generally used in terrace gardening or nursery.

### **7) Azollabed:**

Azollabed are manufactured from multilayer reinforced HDPE geomembrane and are U.V. stabilized, puncture resistant, fungus resistant and waterproof. Azollabed can be manufactured as per the requirement of customer. Azollabed are compact, cost effective and used for growing azolla fern, which is a high protein feed for cattle, poultry and fishes.

### **8) Waterproof membranes:**

We manufacture waterproof membrane which is used for wet area lining and basement lining.



## **Manufacturing Process**

The manufacturing process for geo-textile consists of extrusion, weaving, finishing & stitching.

### **Manufacturing of tape by extrusion process**

Raw material in the form of HDPE granules which are a form of polymer, and masterbatch containing carbon black are mixed and loaded in the hopper. Thereafter the polymer is melted in the extruder by applying heat and friction of the rotating screw and extruded in the form of thin sheet from a t-die. This extruded thin sheet in molten stage is passed through a quenching tank containing water at approximately 25 to 30 degrees centigrade to form a solid thin sheet. Extruded sheets are then slit into tapes on a slitter device. The slit tapes are then passed through hot plate having a surface temperature of 125 degrees centigrade for orientation process to give desired strength to the tapes. After the tapes are oriented, they are passed through hot and cold goddet rolls for annealing them to give them stability. The width of the final tapes is below 5 mm. The tapes are then wound on metal pipes on a cheese winder to produce bobbins filled with tapes the tapes are then sent for converting them into fabrics on looms.

### **Converting of tapes into uncoated fabrics by way of weaving process on looms.**

The bobbins filled with tapes of less than 5 mm are then loaded on the creels of circular looms or on flat looms. The size of the ring and mesh is adjusted as per the requirement of the final fabrics. The tapes are then passed through the looms by way of weft and warp and are woven by way of weaving mechanism into woven fabrics. The woven fabrics thus obtained are wound on metal pipes to form rolls of uncoated fabrics. The rolls are then sent for further processing into coated/ laminated fabrics on the extrusion lamination machine.

### **Converting of uncoated fabrics into coated/ laminated fabrics on the extrusion lamination machine**

The rolls of uncoated fabrics are loaded on the unwinder of the extrusion lamination machine and are drawn over guide rolls to be fed into the laminating unit. The laminating unit consists of an extruder, t- die, rubber roll to apply pressure and a chill roll to cool the melt. The mix of LDPE, LLDPE and colour/black masterbatch are fed into the extruder through a hopper and are melted at a temperature of approximately 250 to 350 degrees centigrade by applying heat and friction and are extruded through a t- die to form a thin film in a molten state. The uncoated fabric is thus coated/laminated on one side by this melt and passed over a chill roll containing chilled water. The edges of coated / laminated fabrics are trimmed and then wound on steel pipes on a winder. Similarly, the other side is coated/ laminated to form a waterproof fabric. To increase the thickness the one side coated/ laminated fabrics are sandwich laminated with a film and then laminated again with one more layer of fabric to form a coated/laminated fabric of higher thickness. The coated/laminated roll is then sent for inspection on the inspection machine.

### **Inspection of coated / laminated fabrics**

The laminated rolls are loaded on the winder of the inspection machine. The laminated fabric is passed over guide rolls and thorough inspection is done. The defects if any are removed and the ends are re-joined by heat sealing and the inspected fabric is wound on metal pipes to form a coated/laminated fabric roll. These coated/laminated fabric rolls are sent further for sealing to the sealing department.

### **Joining of coated / laminated fabrics by heat sealing process to get the required size.**

The coated/laminated fabric rolls are loaded on unwinding trolleys and are passed through a hot air nozzle for overlap sealing to increase the width of the coated/laminated fabric and then cut in length to get the required size and sent for packing.

### **Finishing**

The sealed and cut fabric is sent to the enfold machines where the sides and ends are hemmed with rope to give it the required strength and to prevent tearing from the edges. The hemmed fabric is punched with aluminium/brass/plastic eyelets to form the final tarpaulin. Eyelets are inserted to enable the user to tie the tarpaulin easily without tearing. Thereafter the finished tarpaulin is sent to the packing department.

**Packing and dispatch**

The tarpaulins are packed into individual polythene bags to prepare for final dispatch. The packed tarpaulins are formed into bales using the same fabric for ease of handling. The packed bales are weighed and sent for final dispatch.

**Our Customers**

We market and sell our products to our customers from agriculture, aquaculture, horticulture animal husbandry, civil engineering applications, water conservation, water harvesting, landscaping, transportation, and waste management.

**Manpower**

Human Resource is one of the critical support functions and forms another key element of the corporate backbone. As of March 31, 2021, we have 77 permanent employees across different departments. Further, we also employ persons on contract basis from time to time.

**Competition**

The industry in which we operate is highly competitive. The organized players in the industry compete with each other by providing high quality products. The principal elements of competition in geosynthetics industry are price, consistent quality of products, timely delivery and reliability. We compete against our competitors by leveraging our goodwill and establishing ourselves as a manufacturer of quality geosynthetics products.

## OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE

### Board of Directors

As per the Articles of Association, our Company is required to have not less than 3 (three) and not more than 15 (fifteen) Directors on our Board of Directors.

Currently, our Company has 5 (Five) Directors on our Board, comprising of 1 (One) Executive Director, 1 (One) Non-Executive Director and 3 (Three) Independent Directors including 1 (One) woman Director. The composition of the Board of Directors is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The following table sets forth certain details regarding the Board of Directors as on date of this Draft Letter of Offer:

Sr. No.	Name, Address, Occupation, DIN, Period of Directorship and Date of birth	Designation, Current Term, Age (years)	Other Directorships
1.	<b>Mr. Shailesh R. Mehta</b>	61	1. Anjaneya Plastech Private Limited 2. Texel Industries (Africa) Limited
	<b>Designation:</b> Managing Director  <b>Current Term:</b> For a period of 3 years from February 15, 2020 to February 14, 2023  <b>Period of Directorship:</b> Since Incorporation  <b>Occupation:</b> Industrialist  <b>Date of Birth:</b> January 29, 1960  <b>DIN:</b> 01457666  <b>Address:</b> A-10, Aryaman Bunglows, opp. Anand Niketan School, Thaltej Shilaj Road, Nr. Shilaj Railway Crossing, Shilaj, Ahmedabad – 380058, Gujarat, India.		
2.	<b>Mr. Kirit N. Mehta</b>	71	1. Simpex Engineering (India) Private Limited
	<b>Designation:</b> Chairman & Independent Director  <b>Current Term:</b> For a period of 5 years from August 10, 2019 to August 9, 2024  <b>Period of Directorship:</b> Since February 20, 1995 and designated as an Independent Director from September 29, 2014  <b>Occupation:</b> Professional  <b>Date of Birth:</b> January 31, 1950  <b>DIN:</b> 00444837  <b>Address:</b> 23, Priyadarshini, Friends Co-		

Sr. No.	Name, Address, Designation, Occupation, DIN, Current Term, Period of Directorship and Date of birth	Age (years)	Other Directorships
3.	<p>Op Housing Society, N.S. 6th Road, JVPD Scheme, Vile Parle (W), Mumbai - 400056, Maharashtra, India.</p> <p><b>Mr. Naresh R. Mehta</b></p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>Current Term:</b> Liable to retire by rotation</p> <p><b>Period of Directorship:</b> Since Incorporation</p> <p><b>Occupation:</b> Industrialist</p> <p><b>Date of Birth:</b> December 6, 1961</p> <p><b>DIN:</b> 02888018</p> <p><b>Address:</b> 291, Tillinghast Road, East Greenwich, RI 02818, USA</p>	59	Nil
4.	<p><b>Mr. Christy L. Fernandez</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Current Term:</b> For a period of 5 years from September 29, 2019 to September 28, 2024</p> <p><b>Period of Directorship:</b> Since September 29, 2014</p> <p><b>Occupation:</b> Retired IAS Officer</p> <p><b>Date of Birth:</b> June 26, 1949</p> <p><b>DIN:</b> 00090752</p> <p><b>Address:</b> CC 44/1334, Puthiya Road, Kaloor, Ernakulam, Kochi - 682017, Kerala, India.</p>	71	<p>1. Kerala Lifesciences Industries Parks Private Limited</p> <p>2. Responsible Business Solutions India Private Limited</p>
5.	<p><b>Ms. Jasmin N. Vhora</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Current Term:</b> For a period of 5 years from February 13, 2020 to February 12, 2025</p> <p><b>Period of Directorship:</b> Since February 13, 2015</p> <p><b>Occupation:</b> Professional</p>	32	Nil

Sr. No.	Name, Address, Occupation, DIN, Current Term, Period of Directorship and Date of birth	Designation	Age (years)	Other Directorships
	<b>Date of Birth:</b> July 28, 1988			
	<b>DIN:</b> 07173838			
	<b>Address:</b> Madina Street, Vhorvad, Prantij, Sabarkantha - 383205, Gujarat, India.			

### Confirmations

- Except as disclosed below, none of Directors is or was a director of any listed Company during the last 5 (five) years immediately preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on any of the stock exchanges, during the term of their directorship in such company:

Sl. No.	Particulars	Details
1.	<b>Name of the Company</b>	Texel Industries Limited
2.	<b>Listed on</b>	BSE Limited
3.	<b>Date of suspension on the stock exchanges</b>	September 10, 2001
4.	<b>Reasons for suspension and period of suspension</b>	Suspension due to penal reasons
5.	<b>The date of revocation of suspension</b>	November 13, 2019
6.	<b>Term of the director in the above company(ies)</b>	Mr. Shailesh R. Mehta– Since incorporation till date Mr. Kirit N. Mehta– Since February 20, 1995 till date Mr. Naresh R. Mehta– Since incorporation till date Mr. Christy L. Fernandez– Since September 29, 2014 till date Ms. Jasmin N. Vhora– Since February 13, 2015 till date

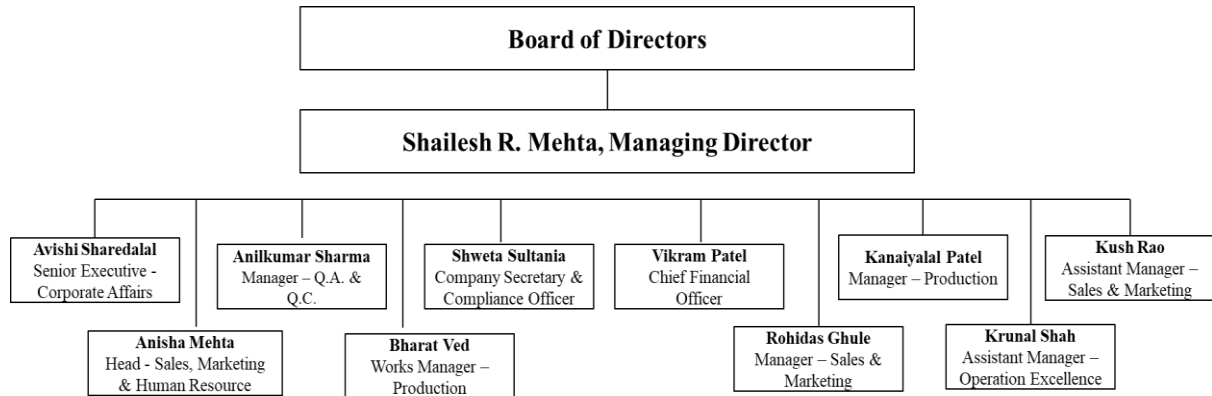
- None of our Directors is or was director of any listed company which has been or was delisted from any of the stock exchanges, during the term of their directorship in such company, in the last 10 (ten) years immediately preceding the date of filing of this Draft Letter of Offer.

### Our Key Management Personnel and Senior Management Personnel

Sr. No.	Name of Key Management Personnel and Senior Management Personnel	Designation	Associated with company since
1.	Mr. Shailesh R. Mehta	Managing Director	Since Incorporation
2.	Mr. Vikram Patel	Chief Financial Officer	November 11, 2017 was re-designated to the new position of CFO w.e.f. May 23, 2018
3.	Ms. Shweta Sultania	Company Secretary and Compliance Officer	October 1, 2018
4.	Ms. Avishi Sharedalal	Senior Executive - Corporate Affairs	December 1, 2017
5.	Ms. Anisha Mehta	Head – Sales, Marketing & Human Resource	November 14, 2018
6.	Mr. Bharat Ved	Works Manager – Production	August 1, 2015
7.	Mr. Rohidas Ghule	Manager – Sales & Marketing	November 30, 2020
8.	Mr. Kanaiyalal Patel	Manager – Production	August 21, 2007
9.	Mr. Anilkumar Sharma	Manager – Quality Assurance & Quality Control	March 13, 2019

Sr. No.	Name of Key Management Personnel and Senior Management Personnel	Designation	Associated with company since
10.	Mr. Krunal Shah	Assistant Manager – Operation Excellence	June 20, 2019
11.	Mr. Kush Rao	Assistant Manager – Sales & Marketing	December 11, 2020

#### Current Organisational Structure



## SECTION V – FINANCIAL INFORMATION

### FINANCIAL STATEMENT

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page Number</b>
1.	Unaudited Consolidated Financial Results for the nine months period ended December 31, 2020	88 to 92
2.	Audited Consolidated Financial Statements as at and for the year ended March 31, 2020	93 to 135

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**Independent Auditor's Review Report on the Quarterly and Year to date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**Review Report to  
The Board of Directors  
Texel Industries Limited**

- i. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Texel Industries Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended December 31, 2020 and year to date from April 1, 2020 to December 31, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
- ii. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
- iii. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

- iv. The Statement includes the results of the following entities:

Holding Company:

Texel Industries Limited

Wholly Owned Subsidiary Company:

Texel Industries (Africa) Limited

- v. Based on our review conducted and procedures performed as stated in paragraph iii above and based on the consideration referred to in paragraph vi below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
- vi. The accompanying Statement includes the unaudited interim financial results and other financial information, in respect of Wholly Owned Subsidiary Company, whose unaudited interim financial results include total revenues of Rs. 17,45,304, total net loss after tax of Rs. 64,69,977, and total comprehensive loss of Rs. 48,48,894, for the period from April 1, 2020 to December 31, 2020 as considered in the Statement whose interim financial results and other financial information have not been reviewed by their auditors. This unaudited interim financial results and other unaudited financial information have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of this wholly owned subsidiary is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanations given to us by the Management, this interim financial result is not material to the Group.



Our conclusion on the Statement in respect of matter stated in paragraph vi above is not modified with respect to our reliance on the work done and the reports of the other auditors.

FOR, SUNIL PODDAR & CO.

Chartered Accountants

Reg. No. 110603W



[CA Pankaj Agarwal]

Partner

M. No. 443450

UDIN: 21443450AAAAEL4287

Place: Ahmedabad

Date: 9<sup>th</sup> February, 2021

**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2020**

Sl. NO.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
1	(a) Revenue From Operations	1,830.52	1,847.93	1,848.12	5,504.14	7,568.21	9,531.36
	(b) Other Income	1.76	2.12	2.34	6.72	6.27	21.59
2	<b>Total Income</b>	<b>1,832.28</b>	<b>1,850.05</b>	<b>1,850.46</b>	<b>5,510.86</b>	<b>7,574.48</b>	<b>9,552.95</b>
3	<b>EXPENSES</b>						
	(a) Cost of materials consumed	720.06	1,203.85	1,439.73	2,460.77	4,626.80	5,544.71
	(b) Purchases of Stock-in-Trade	388.46	331.82	269.43	920.53	1,039.02	1,245.47
	(c) Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	261.54	(306.63)	(434.63)	522.24	(238.76)	(17.63)
	(d) Employee benefits expense	114.50	116.24	117.06	344.58	344.30	487.88
	(e) Finance costs	43.79	12.01	30.83	75.18	114.39	149.49
	(f) Depreciation and amortization expense	20.49	21.22	21.40	61.31	62.55	60.31
	(g) Other expenses	259.80	355.37	383.15	917.78	1,360.28	1,776.03
	<b>Total expenses</b>	<b>1,808.64</b>	<b>1,733.88</b>	<b>1,826.97</b>	<b>5,302.39</b>	<b>7,308.58</b>	<b>9,246.26</b>
4	<b>Profit / (Loss) before tax (2-3)</b>	<b>23.64</b>	<b>116.17</b>	<b>23.49</b>	<b>208.47</b>	<b>265.90</b>	<b>306.69</b>
5	Income Tax expense:						
	(a) Current tax	11.94	47.34	14.54	84.75	101.56	102.69
	(b) Deferred tax	(1.24)	(11.40)	(2.57)	(13.74)	(8.67)	(3.24)
6	<b>Profit / (Loss) after tax (4-5)</b>	<b>12.94</b>	<b>80.23</b>	<b>11.52</b>	<b>137.46</b>	<b>173.01</b>	<b>207.24</b>
7	<b>Other Comprehensive Income/expense</b>						
	A (i) Items that will not be reclassified to profit or loss	(0.38)	(0.76)	-	(1.14)	-	(1.53)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.10	0.19	-	0.29	-	(0.38)
	B (i) Items that will be reclassified to profit or loss	2.25	11.90	-	16.21	-	(1.62)
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
8	<b>Total Comprehensive Income for the period (6+7) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)</b>	<b>14.91</b>	<b>91.56</b>	<b>11.52</b>	<b>152.82</b>	<b>173.01</b>	<b>203.71</b>
9	<b>Paid up equity share capital (Face value of Rs. 10 each)</b>	<b>522.29</b>	<b>522.29</b>	<b>522.29</b>	<b>522.29</b>	<b>522.29</b>	<b>522.29</b>
10	<b>Other equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,359.61</b>
11	<b>Earnings per equity share of Rs. 10 each : (not annualised)</b>						
	(1) Basic (in Rupees)	0.25	1.54	0.22	2.63	3.31	3.90
	(2) Diluted (in Rupees)	0.25	1.54	0.22	2.63	3.31	3.90



**Notes:**

- I. The above consolidated financial results have been prepared in accordance with the Indian Accounting Standards ("Ind As") as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder.
- II. The Group's business activities fall within a single primary business segment viz. "Tarpaulin and Geomembrane", the disclosure requirements of Ind AS 108 "Operating segment" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder are not applicable.
- III. The above consolidated financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their meeting held on 9<sup>th</sup> February, 2021 and a limited review of the same has been carried out by the Statutory Auditors.
- IV. The Group has taken into account the possible impacts of COVID-19 in preparation of the condensed consolidated interim financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenues and on cost budgets in respect of fixed price contracts. The Group has considered internal and certain external sources of information up to the date of approval of the condensed consolidated interim financial statements and expects to recover the carrying amount of its assets.
- V. Previous period / year figures have been regrouped/rearranged wherever necessary to confirm to the current period's classification.

Place: Ahmedabad  
Date: 9<sup>th</sup> February, 2021



For and on behalf of the Board  
Texel Industries Limited



Shailesh R Mehta  
Managing Director  
DIN: 01457666



### Independent Auditor's Report

To the Members of Texel Industries Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Texel Industries Limited (hereinafter referred to as "the Holding Company"), its wholly owned subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated balance sheet as at March 31, 2020 the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group as at March 31, 2020 their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to point 3 of Other disclosures forming part of the consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of Covid-19 pandemic on the group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.





**Other Information**

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated AS financial statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates 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 the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its associates 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 Group or to cease operations, or has no realistic alternative but to do so.



Those charged with Governance of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibility for the audit of consolidated Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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 Act, we are also responsible for expressing our opinion on whether the Holding 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





- Obtain sufficient appropriate audit evidence regarding the financial information of Holding company or business activities within the Group of which we are the independent auditors to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated Ind AS financial statement of which we are independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

The Consolidated Financial Statements include the Group's share of net liabilities amounting Rs. 36,17,677 for the year ended 31st March, 2020, as considered in the Consolidated Financial Statements, in respect of one wholly owned subsidiary, whose financial statements have not been audited by us. These financial statements and other financial information have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this wholly owned subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid wholly owned subsidiary, is based solely on the information furnished to us.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the considerations of report of management on separate financial statements as noted in the 'other matter' paragraph we report, to the extent applicable, 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 relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

(c) the consolidated balance sheet, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the companies (Indian Accounting Standards) Rules 2015 as amended.

(e) on the basis of the written representations received from the directors of Holding company as on 31 March 2020 taken on record by the Board of Directors of holding company, none of the directors is disqualified as on 31 March 2020 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) 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 consolidated financial position—*

*The company has filed Special Civil Application on 18/05/2016, before Honourable Gujarat High Court for quash and to set aside the notice of demand raised by Employees Provident Fund Organisation for Rs.11, 31, 463/- on late payment of remittance for the period November,1998 to January 2014, vide its notice dated 25.04.2016 and to put a stay on the notice of demand dated 25.04.2016 during Pending admission and hearing of the present petition.*

ii. The Group is not required to make provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amount which were required to be transferred, to the Investor Education and Protection Fund by the Group.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.



- f) With respect to the matter to be included in the Auditors' Report under section 197(16): In our opinion and according to the information and explanations given to us, the remuneration paid by the Group to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

FOR, SUNIL PODDAR & CO.

Chartered Accountants

Firm Reg. No 110603W



[CA PANKAJ AGARWAL]

Partner

M. No. 443450

PLACE: AHMEDABAD

DATE : 27.06.2020

UDIN : 20443450AAAALA9986

**Annexure - A to Independent Auditors' Report of even date on the Consolidated Ind AS financial statement of the Texel Industries Limited ("the Company")**

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

In conjunction with our audit of the consolidated Ind AS financial statements of Texel Industries Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Texel Industries Limited (hereinafter referred to as the "Holding Company") and its wholly owned subsidiary company, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 the respective 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated Ind AS 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these consolidated Ind AS 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with

reference to these consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.





### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 holding company and its wholly owned subsidiary, in all material respects, have maintained an adequate internal financial controls system over financial reporting and were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the holding 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 ICAI.

PLACE: AHMEDABAD  
DATE : 27.06.2020  
UDIN : 20443450AAAAA9986

FOR, SUNIL PODDAR & CO.  
Chartered Accountants  
Firm Reg. No 110603W  
  
[CA PANKAJ AGARWAL]  
Partner  
M. No. 443450

TEXEL INDUSTRIES LIMITED  
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

		[in Rupees]	
Particulars	Notes	Figure as at the end of current reporting period.	Figure as at the end of the previous reporting period.
<b>(I) ASSETS</b>			
<b>1. Non Current Assets</b>			
(a) Property, Plant and Equipment	2	8,83,07,799	8,48,65,279
(b) Capital Work in Progress	2	1,46,36,750	71,800
(c) Other Intangible assets	2	-	21,000
(d) Financial Assets			
- Other Financial Assets	3	1,53,42,294	1,31,96,744
(f) Other non-current assets	4	1,00,91,393	1,01,023
<b>Total Non Current Assets</b>		<b>12,83,78,236</b>	<b>9,82,55,846</b>
<b>2. Current Assets</b>			
(a) Inventories	5	14,66,86,283	16,16,56,268
(b) Financial Assets			
- Trade Receivables	6	6,14,73,660	18,32,78,120
- Cash and cash equivalents	7	58,95,500	32,57,762
- Bank balances other than Cash and Cash Equivalents	8	1,36,27,706	73,77,702
- Other Financial Assets	9	33,22,997	51,62,071
(c) Other Current Assets	10	1,50,80,382	1,37,43,366
<b>Total Current Assets</b>		<b>24,60,86,528</b>	<b>37,44,75,289</b>
<b>Total Assets</b>		<b>37,44,64,764</b>	<b>47,27,31,135</b>
<b>(II) EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity Share Capital	11	5,22,29,210	5,22,29,210
(b) Other Equity	12	13,59,60,578	11,64,30,765
<b>Total Equity</b>		<b>18,81,89,788</b>	<b>16,86,59,975</b>
<b>2. Non-current liabilities</b>			
(a) Financial Liabilities			
- Borrowings	13	12,12,412	15,85,299
- Other financial liabilities	14	7,50,000	7,50,000
(b) Provisions	15	43,87,042	31,22,376
(c) Deferred tax liabilities (Net)	16	40,98,308	44,21,873
<b>Total Non Current Liability</b>		<b>1,04,47,762</b>	<b>98,79,547</b>
<b>3. Current liabilities</b>			
(a) Financial Liabilities			
- Borrowings	17	1,47,39,320	1,43,43,168
- Trade Payables *	18		
(i) Total outstanding dues of micro and small enterprise		2,67,311	15,56,688
(ii) Total outstanding dues of creditors other than micro and small enterprise		11,15,10,823	22,86,61,332
(b) Other financial liabilities	19	3,72,889	7,57,699
(c) Other current liabilities	20	2,93,98,799	2,87,02,720
(d) Provisions	21	94,38,364	1,09,52,937
(e) Liability For current Tax (Net)	22	1,00,99,708	92,17,068
<b>Total Current Liability</b>		<b>17,58,27,214</b>	<b>29,41,91,612</b>
<b>Total Equity and Liability</b>		<b>37,44,64,764</b>	<b>47,27,31,135</b>
Significant Accounting Policies And Notes To Consolidated Financial Statements			
1			
As per our Report of even date attached For <b>SUNIL PODDAR &amp; Co.</b> Chartered Accountants Firm. Reg. No. 110603W		For and On Behalf of the Board of Director of M/s: Texel Industries Limited	
  <b>[ CA. Pankaj Agarwal ]</b> Partner Membership No. 443450 UDIN: 20443450AAAALA9986		 <b>Shailesh R. Mehta</b> Managing Director DIN: 01457666	
Place: Ahmedabad Dated: 27th June, 2020		 <b>Kirit N. Mehta</b> Chairman & Independent Director DIN: 00444837 Place: Mumbai Dated: 27th June, 2020	
 <b>Vikram Patel</b> CEO		 <b>Shweta Suttania</b> Company Secretary Membership No.: ACS 22290	

TEXEL INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

[in Rupees]

Particulars	Notes	Figure as at the end of current reporting period	Figure as at the end of previous reporting period
<b>Revenue</b>			
Revenue from Operations	23	95,31,36,338	1,12,35,36,006
Other Income	24	21,58,713	35,33,514
<b>Total Revenue (I)</b>		<b>95,52,95,051</b>	<b>1,12,70,69,520</b>
<b>Expenses</b>			
Cost of Materials Consumed	25	55,44,70,835	66,11,69,346
Purchases of Stock-In-Trade	26	12,45,46,626	19,70,98,406
Changes In Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	27	(17,63,166)	(46,97,019)
Employees Benefits Expense	28	4,87,87,962	3,90,56,611
Finance Costs	29	1,49,48,559	1,69,76,348
Depreciation and Amortisation expense	2	60,31,193	72,68,270
Other Expenses	30	17,76,03,363	17,96,70,422
<b>Total Expenses (II)</b>		<b>92,46,25,372</b>	<b>1,09,65,42,384</b>
<b>Profit Before Exceptional item and Tax (I)-(II)</b>		<b>3,06,69,679</b>	<b>3,05,27,136</b>
Exceptional items		-	-
<b>Profit Before Tax</b>		<b>3,06,69,679</b>	<b>3,05,27,136</b>
Tax Expense			
Current Tax		1,02,69,187	94,28,639
Deferred Tax (PL)		(3,23,565)	(11,73,670)
<b>Total Tax Expense</b>		<b>99,45,622</b>	<b>82,54,969</b>
<b>Profit from continuing operations (III)</b>		<b>2,07,24,057</b>	<b>2,22,72,167</b>
Profit from discontinued operations		-	-
Tax expense of discontinued operations		-	-
<b>Profit from discontinued operations (after tax) (IV)</b>		<b>-</b>	<b>-</b>
<b>Profit for the period V (III+IV)</b>		<b>2,07,24,057</b>	<b>2,22,72,167</b>
<b>Other Comprehensive Income / (Expenses)</b>			
A Items that will not be reclassified to profit or loss		(1,52,409)	50,70,910
Income tax relating to items that will not be reclassified to profit or loss		(38,358)	(19,127)
B Items that will be reclassified to profit or loss		(1,62,248)	-
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income for the year (VI)</b>		<b>(3,53,015)</b>	<b>50,51,183</b>
<b>Total Comprehensive Income for the year (V)+(VI)</b>		<b>2,03,71,042</b>	<b>2,73,23,350</b>
<b>Earnings Per Equity Share (Face Value * 10 each)</b>	31		
Basic (In Rupees)		3.90	5.23
Diluted (In Rupees)		3.90	5.23

Significant Accounting Policies

Accompanying Notes are an integral part of the Financial Statements

As per our Report of even date attached

For SUNIL PODDAR & Co.

Chartered Accountants

Firm. Reg. No. 110603W

[ CA. Pankaj Agarwal ]

Partner

Membership No. 443450

UDIN: 20443450AAAALA9986

Place: Ahmedabad

Dated: 27th June, 2020

For and On Behalf of the Board of Director of M/s Texel Industries Limited

Shailesh R. Mehta

Managing Director

DIN: 01457666

Kirit N. Mehta

Chairman & Independent Director

DIN: 00444837

Place: Mumbai

Dated: 27th June, 2020

Vikram Patel

CFO

Shweta Sultania

Company Secretary

Membership No.: ACS 22,40



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

[in Rupees]

Particulars	Figure as at the end of current reporting period	Figure as at the end of previous reporting period
<b>A Cash flow from operating activities</b>		
Net profit/(loss) before tax	3,06,69,679	3,05,27,136
<b>Adjustment for</b>		
Depreciation / Amortisation	60,31,193	72,68,270
Interest expense	1,49,48,559	1,69,76,349
Interest income	(11,34,591)	(35,33,514)
<b>Operating cash flow before working capital changes</b>	<b>5,05,14,840</b>	<b>5,12,38,241</b>
(Increase) / Decrease in other current/non-current assets	(1,41,43,093)	(57,85,439)
(Increase) / Decrease in trade receivable	12,18,04,460	(5,95,96,112)
(Increase) / Decrease in inventories	1,49,69,985	(2,80,49,977)
Increase / (Decrease) in trade payable	(11,84,39,885)	9,66,28,961
Increase / (Decrease) in other current/non current liabilities	62,626	(26,69,983)
<b>Cash generated from operations</b>	<b>5,47,68,933</b>	<b>5,17,64,830</b>
Income taxes paid (net)	1,05,82,054	1,43,85,500
<b>Net cash generated by operating activities</b>	<b>4,41,86,879</b>	<b>3,73,79,330</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(2,40,17,663)	(2,06,66,007)
Investment in Subsidiaries	-	-
Investment in Non-Current Bank Fixed deposits	25,09,230	(47,18,151)
Interest received	11,34,591	35,33,514
<b>Net cash used in investing activities</b>	<b>(2,04,73,842)</b>	<b>(2,18,50,644)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from equity	-	-
Proceeds from long-term borrowing	(3,72,888)	(81,81,733)
Proceeds from short-term borrowing	3,96,152	92,63,277
Change in General Reserves	-	-
Interest paid	(1,49,48,559)	(1,69,76,349)
<b>Net cash generated from / used in financing activities</b>	<b>(1,49,25,295)</b>	<b>(1,58,94,805)</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents (A+B+C)</b>	<b>88,87,742</b>	<b>(3,66,118)</b>
Cash and cash equivalents at beginning of the period	1,06,35,464	1,10,01,582
<b>Cash and cash equivalents at end of period (Refer Note 7 &amp; 8)</b>	<b>1,95,23,206</b>	<b>1,06,35,464</b>

The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.  
See accompanying notes forming part of the financial statements

As per our Report of even date attached  
For SUNIL PODDAR & Co.  
Chartered Accountants  
Firm Reg. No. 110603W

For and On Behalf of the Board of Director of M/s Texel Industries Limited

CA. Pankaj Agarwal  
Partner  
Membership No. 443450  
UDIN: 20443450AAAALA9986

Place: Ahmedabad  
Dated: 27th June, 2020

Shailesh R. Mehta  
Managing Director  
DIN: 01457666

Kirit N. Mehta  
Chairman & Independent  
Director  
DIN: 00444837  
Place: Mumbai  
Dated: 27th June, 2020

Vikram Patel  
CFO

Shweta Sultania  
Company Secretary  
Membership No.: ACS 22290

TEXEL INDUSTRIES LIMITED

STATEMENT OF CHANGE IN CONSOLIDATED EQUITY

A. EQUITY SHARE CAPITAL

	[in Rupees]
	Amount
As at 1st April, 2018	5,22,29,210
Changes in equity share capital	-
As at 31st March, 2019	5,22,29,210
Changes in equity share capital	-
As at 31st March, 2020	5,22,29,210

B OTHER EQUITY

	Securities Premium Account	Capital Redemption Reserve	Capital Reserve	Surplus as per Statement of Profit and Loss	Other Comprehensive income Remeasurement gain/(loss) on defined benefit plans	Total
<b>Balance as at 1st April, 2018</b>	1,94,99,668	33,33,332	2,92,29,210	3,86,41,378	(4,28,351)	9,02,75,237
Profit For The Year	-	-	-	2,22,72,167	-	2,22,72,167
Add:- Transfer to Capital Redemption Reserve on account of redemption of preference share capital	-	1,30,00,000	-	-	-	1,30,00,000
Less:- Transfer to Capital Redemption Reserve on account of redemption of preference share capital	-	-	-	1,30,00,000	-	1,30,00,000
Add:- Remeasurement gain/(loss) on defined benefit plans	-	-	-	-	50,51,183	50,51,183
Add: Excess / (Short) provision of Income Tax	-	-	-	(11,67,821)	-	(11,67,821)
<b>Balance as at 31st March, 2019</b>	1,94,99,668	1,63,33,332	2,92,29,210	4,67,45,723	46,22,832	11,64,30,765
Profit For The Year	-	-	-	2,07,24,057	-	2,07,24,057
Add:- Remeasurement gain/(loss) on defined benefit plans	-	-	-	-	(3,53,015)	(3,53,015)
Add: Excess / (Short) provision of Income Tax	-	-	-	(8,41,230)	-	(8,41,230)
<b>Balance as at 31st March, 2020</b>	1,94,99,668	1,63,33,332	2,92,29,210	6,66,28,550	42,69,818	13,59,60,578

As per our Report of even date attached

For SUNIL PODDAR & Co.

Chartered Accountants

Firm. Reg. No. 110603W

[CA. Pankaj Agarwal]

Partner

Membership No. 443450

UDIN: 20443450AAAA1A9986



For and On Behalf of the Board of Director of M/s Texel Industries Limited

*Shailish R. Mehta*

Shailish R. Mehta  
Managing Director  
DIN: 01457666

*Kirit N. Mehta*

Kirit N. Mehta  
Chairman & Independent Director  
DIN: 00444837  
Place: Mumbai  
Dated: 27th June, 2020

*Vikram Patel*  
Vikram Patel  
CFO

*Shweta Sultania*

Shweta Sultania  
Company Secretary  
Membership No.: ACS 22290

Place: Ahmedabad  
Dated: 27th June, 2020



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**1. Corporate Information**

Texel Industries Limited is a Public Limited Company, incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Block No 2106 Santej- Khatrej Road Nr Gayatri Farm House Vill-Santej, Tal-Kalol, Dist-Gandhinagar, Gujarat. Its shares are listed on BSE Limited. The Company is engaged in the business of manufacturing of Tarpaulins and Geomembrane.

**Significant accounting policies followed by the company:**

**1.1 Basis of preparation**

**(i) Statement of compliance**

The consolidated financial statements of the group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principal generally accepted in India.

**(ii) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the company and its wholly owned subsidiary. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in consolidated financial statements, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all the entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company.

**(iii) Basis of Measurement**

These consolidated financial statements have been prepared and presented under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair value by Ind AS. The fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

The Financial Statements have been presented in Indian Rupees (INR), which is also the Company's functional currency. All values are rounded off to the nearest rupees, unless otherwise indicated.

**(iv) Fair Value Measurement**

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 under current market conditions. The group categorizes assets and liabilities measured at fair value into one of three



levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (i) Level 1: Quoted Prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2: inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (iii) Level 3 : inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or group's assumptions about pricing by market participants.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **(iv) Use of estimates and judgments**

The estimates and judgments used in the preparation of the consolidated financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected. Significant judgments and estimates about the carrying amount of assets and liabilities include useful lives of tangible and intangible assets, impairment of tangible assets, intangible assets including goodwill, investments, employee benefits and other provisions and recoverability of deferred tax assets.

#### **1.2 The significant estimates and assumption are required in particulars for the following**

##### **(i) Property, plant and equipment.**

This involves determination of the estimated useful life of the property, plant and equipment and intangible assets if any and the assessment as to which component of the cost may be capitalised. The useful life of the assets are based on the life as prescribed in schedule II to the Companies Act 2013 or based on the technical estimates, taking in to account the nature of the assets, estimated usages, expected residual value and operating conditions of the assets. The Management reviews its estimate of the useful lives of depreciable assets at each reporting dates, based on the expected utility of the assets.





- (ii) **Impairment of Non-Financial Assets.**  
Determining Whether property, plant and equipment and other intangible assets are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a discounted cash flow model over the estimated useful life of the underlying assets or cash generating unit. Further, the cash flow projection are based on the estimates and assumption relating to expected revenue, operational performance of the assets, market price of the related product or services, inflation, terminal value etc. Which are considered by the management.
- (iii) **Income Taxes.**  
The group's tax jurisdiction in India, the significant judgements are involved in estimating budgeted profit for the purpose of the paying advances taxes, determining the provision for income tax, including amount of income tax excepted to be paid. The significant management judgement also required to determine the amount of deferred tax assets that can be recognised, based on timing and level of future taxable profit.
- (iv) **Fair value measurement of the financial instruments.**  
In estimating the fair value of the financial assets and financial liability, the group uses market observable data to the extent available. Where such level -1 inputs are not available, the group establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. The judgement includes considerations inputs such as liquidity risk, credit risk and volatility. The changes in assumptions about these factors could affect the reported fair value of the financial instruments.
- (v) **Defined benefits plans (Gratuity Benefits).**  
The cost of the defined benefit of gratuity plan and present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in future. These includes the determination of the discount rate, future salary increase / decrease and mortality rates. Due to complexity involved in the valuation and its long term nature, a defined benefit obligations is highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.
- (vi) **Classification of Assets, current and non-current.**  
The assets or liability is classified as current, if it satisfies the any of the following condition.
- (i) The assets / Liability expected to be realised or paid in the group's normal operating cycle.
  - (ii) The assets is intended for sales or consumption.
  - (iii) The assets / liability held for the purpose of trade or business.
  - (iv) The Assets / liability is expected to be realised/ settled within 12 month after reporting period.
  - (v) The assets is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 month after reporting date.



- (vi) In case of liability, the company does not have an unconditional right to determine settlement of the liability for at least 12 month after the reporting date.

All other assets or liabilities are classified as non-current. Deferred assets and Deferred liability are classified as on current assets or liability respectively.

For the purpose of current / non-current classification of assets and liabilities, the group has ascertained its normal operating cycle as 12 month. This is based on nature of the business and the time between the acquisition of assets or inventories for processing and their realisation in cash or cash equivalents.

### 1.3 Summary of significant accounting policies

#### 1. Property, Plant and Equipment.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

#### Depreciation methods, estimated useful lives and residual value

Depreciation is provided using straight line method (SLM) as specified schedule II of the companies Act 2013. Depreciation on assets acquired / disposed off during the year if any, is provided on pro-rata basis with reference to the date of addition / disposal. The estimated useful lives of assets are as under:

Class of assets	Useful Life
Building	30 Years
Plant & Machinery	15 Years
Furniture & Fixtures	10 Years
Office Equipment	5 Years
Vehicles	8 Years
Computers	3 Years

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.





**Capital work in process**

Expenditure related to and incurred during the implementation of capital project, to get the assets ready for intended use is shown under "capital work in process". The same is allocated to the respective items property, plant and equipment on completion of construction / erection of the capital assets. The cost of assets not put to use before the year and capital inventory are disclosed under Capital work in process.

**Impairment of Tangible Assets**

The group reviews at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the reporting period, there is an indication that there is change in the previously assessed impairment loss, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

**2. Inventories**

Inventories of Raw Materials, Work-in-Progress, Stores and spares, Finished Goods and Stock-in-trade are stated 'at cost or net realisable value, whichever is lower' except for Waste / Scrap which are valued at net realisable value. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-in-First-out', 'Specific identification', as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

**3. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The group has only single business segment hence the detailed disclosure related to segment reporting is not required to be made.

**4. Borrowings**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the



redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date are classified as liabilities. The dividend on these preference shares is recognised in Statement of Profit and Loss as finance costs.

#### 5. Borrowing costs

Borrowing cost directly attributable to the acquisition, construction of qualifying asset that necessarily takes a substantial period of time to get ready for its intended use, capitalised as part of cost of asset. The borrowing costs includes interest and transaction cost that group company incurs in connection with the borrowing of the funds. Other interest and borrowing costs are charged to Statement of Profit and Loss.

#### 6. Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

#### 7. Revenue recognition

The revenue from contract with customer is recognised upon transfer of control of promised product or services to the customer in an amount that reflect the consideration, which the company expect to receive in exchange of product or service. The revenue is measured based on the transaction price, which is the consideration, adjusted for discount and other incentives if any. The Amount of consideration to which the group expect to be entitled in exchange for transferring promised goods or service to a customer excluding amounts collected on behalf of third parties (Duties & Taxes on behalf of Government).

The specific recognition criteria from various steam of revenue is described as under:

(i) Sales of Goods:

Revenue from sales of the goods is recognised when the control of the goods has been passed to the customers as per terms of agreement and there is no continuing effective control or managerial involvement with goods.





- (ii) **Interest Income:**  
Interest income is accrued on a time basis, by reference to the principal outstanding amount and at the effective interest rate applicable, the future cash receipt through the expected life of the financial asset to that asset's carrying amount on initial recognition.

#### **8. Trade Receivable**

A receivable represents the company's right to an amount of consideration that is unconditional i.e only passage of time required before payment of consideration is due. The Expected credit loss is mainly based on the historical experience. The receivables are assessed on an individual basis for credit loss. The trade receivables are written off on cases to cases basis, if deemed not to be collectable on assessment and circumstances.

#### **9. Employee benefits**

Employees benefit includes gratuity, compensated absences, contribution to provided fund employees state insurance and superannuation fund.

(i) **Short-term Benefits**

Employee benefit payable wholly within 12 months of rendering services are classified as short term employee benefit and recognised in the period which the employee renders services. These are recognised at the undiscounted amount of the benefit expected to be paid in exchange for that services.

(ii) **Post-employment Benefit**

(a) **Defined contribution Plan**

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The company has no obligation other than the contribution payable to the provident fund. The company recognises contribution payable to such funds as an expenditure, when an employee renders services.

(b) **Defined Benefit Plans**

The company operates a defined benefit gratuity plan. The cost of providing benefit under the defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary.

Remeasurement gains or losses arising from changes in actuarial assumptions, the same are recognised immediately in balance sheet through other comprehensive income in the period in which they occurred.

(c) **Other Long-term employee Benefits**

Other long-term employee benefits include compensated absences / leaves. The actuarial valuation is done as per projected unit method. Remeasurement gains or



losses arising from changes in actuarial assumptions, the same are recognised immediately in balance sheet through other comprehensive income in the period in which they occurred.

- (d) For the purpose of the presentation of the defined benefit plans and other long-term benefits, the allocation between current and non-current provision has been made as determined by the actuary.

## **10. Foreign currency translation**

### **a) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is group's functional and presentation currency.

### **b) Transactions and balances**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## **11. Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.





Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## **12. Government Grants**

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected lives of related assets and presented within other income.

## **13. Cash and Cash Equivalents**

The Group 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.

## **14. Earnings Per Share**

Basic earnings per share (EPS) is computed by dividing the profit or loss attributable to the equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of equity shares, for the effects of all diluted potential equity shares.



## Other disclosures forming part of the consolidated Ind AS Financial Statements

### 1. Financial Instruments – Disclosure

Financial assets and financial liabilities are recognized when group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

#### (i) Capital management

The group's objective when managing capital is to:

- Safeguard its ability to continue as going concern so that the group is able to provide maximize return to stakeholders and benefits for other stakeholders.
- Maintain an optimal capital structure to reduce the cost of capital.

The group's board of directors reviews the capital structure on a regular basis. As part of this review, the board considers cost of capital, risk associated with each class of capital requirements and maintenance of adequate liquidity.

#### Disclosures

This section give an overview of the significance of financial instruments for the group and provides additional information on balance sheet item that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes.

#### (i) Categories of Financial Instruments

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Financial Assets (Measured at Amortized Cost)		
- Trade & Other Receivable	6,14,73,660	18,32,78,120
- Cash & Cash Equivalents	58,95,500	32,57,762
- Other Bank Balances	1,36,27,706	73,77,702
- Other Financial Assets	1,86,65,291	1,83,58,815
<b>Total</b>	<b>9,96,62,157</b>	<b>21,22,72,399</b>



Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Financial Liabilities (Measured at Amortized Cost)		
- Borrowings	12,12,412	15,85,299
- Trade Payable	11,17,78,134	23,02,18,020
- Other Financial Liabilities	11,22,889	15,07,699
<b>Total</b>	<b>11,41,13,435</b>	<b>23,33,11,018</b>

The carrying amount of current financial assets and liabilities as at the end of each year presented approximate the fair value because of their short-term nature. The trade receivables, trade payables, borrowings, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

**(ii) Fair value measurements**

This note provide information about how the group determines fair value of various financial assets. Management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximates their fair values.

**(iii) Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted price included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are not based on observable market data. Fair values are determined in whole or in part using a valuation model based on the assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

- The group did not have any long-term contracts, including derivatives contract for which there were any material foreseeable losses.
- World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on 11<sup>th</sup> March 2020. Consequent to this, Government of India declared lockdown on





23<sup>rd</sup> March, 2020 and the Company temporarily suspended the operations and manufacturing activities in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which has been extended till 17<sup>th</sup> May, 2020. However, the production and supply of goods has commenced as on 24<sup>th</sup> April, 2020 after obtaining permissions from the appropriate government authorities. The Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as on balance sheet date.

#### 4. Financial Risk Management Framework

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets include trade and other receivables, receivables from government authorities, security deposits and cash and cash equivalents that derive directly from its operations. The company also holds investments. The corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. Financial instruments affected by market risk includes loan and borrowings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee. There have been no significant changes to the group's exposure to market risk or the methods in which they are managed or measured.



### Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The group's exposure to currency risk relates primarily to the group's operating activities and borrowings when transactions are denominated in a different currency from the group's functional currency. The group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales and borrowings.

### Price Risk

The group's investments in listed securities, mutual funds, other funds and debentures are susceptible to market price risk arising from uncertainties about future values of the investment securities. The group manages the price risk through diversification and by placing limits on individual and total equity instruments. Reports on the portfolio are submitted to the Company's senior management on a regular basis.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

### Liquidity risk

#### i. Maturities of financial liabilities

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The tables include both interest and principal cash flows.



Particulars	Less Than 1 Year	1-3 Years	3-5 Years	5 Years and Above	Total
<b>As on 31<sup>st</sup> March, 2020</b>					
<b>Non-interest bearing</b>					
- Trade Payable	10,59,00,640	11,83,657	10,65,053	2,43,435	10,83,92,785
- Interest accrued but not due on borrowings	2,39,320	-	-	-	2,39,320
- Payables to employees	33,85,349	-	-	-	33,85,349
- Payables on purchase of Property, plant & equipment	17,99,535	2,77,900	-	-	20,77,435
- Other liabilities	3,74,21,072	-	-	-	3,74,21,072
<b>Fixed-interest bearing</b>					
-Security deposits	-	-	-	7,50,000	7,50,000
-Variable interest rate instruments	1,45,00,000	9,88,660	-	5,96,641	1,60,85,301
<b>Total</b>	<b>16,32,45,916</b>	<b>24,50,217</b>	<b>10,65,053</b>	<b>15,90,076</b>	<b>16,83,51,262</b>
Particulars	Less Than 1 Year	1-3 Years	3-5 Years	5 Years and Above	Total
<b>As on 31<sup>st</sup> March, 2019</b>					
<b>Non-interest bearing</b>					
- Trade Payable	22,51,34,487	21,19,299	-	2,43,436	22,74,97,222
- Interest accrued but not due on borrowings	6,43,168	-	-	-	6,43,168
- Payables to employees	27,20,799	-	-	-	27,20,799
- Payables on purchase of Property, plant & equipment	3,09,690	-	-	-	3,09,690
- Unclaimed dividend	-	4,14,246	-	-	4,14,246
- Other liabilities	3,76,10,098	-	-	-	3,76,10,098
<b>Fixed-interest bearing</b>					
-Security deposits	-	-	-	7,50,000	7,50,000
-Variable interest rate instruments	1,37,00,000	13,32,111	-	5,96,641	1,56,28,752
<b>Total</b>	<b>28,01,18,242</b>	<b>38,65,655</b>	<b>-</b>	<b>15,90,077</b>	<b>28,55,73,974</b>





ii. Liquidity risk management

The group's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Chief Financial Officer of the group is responsible for liquidity risk management who has established an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Chief Financial Officer reports the same to the Board of Directors on quarterly basis.

5. Additional information, as required under schedule III to the companies act, 2013, of entities consolidated as subsidiaries

Particulars	Net Assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (in Rs.)	As % of consolidated profit	Amount (in Rs.)	As % of consolidated other comprehensive income	Amount (in Rs.)	As % of consolidated total comprehensive income	Amount (in Rs.)
<b>PARENT</b>								
Texel Industries Ltd.								
As at 31 <sup>st</sup> March, 2020	107.20%	20,17,41,620	150.80%	3,12,51,512	54.04%	-1,90,767	152.47%	3,10,60,745
As at 31 <sup>st</sup> March, 2019	101.70%	17,15,22,105	112.85%	2,51,34,296	100.00%	50,51,183	110.48%	3,01,85,479
<b>SUBSIDIARY (FOREIGN)</b>								
Texel Industries (Africa) Ltd.								
As at 31 <sup>st</sup> March, 2020	-7.20%	-1,35,51,832	-50.80%	-1,05,27,455	45.96%	-1,62,248	-52.47%	-1,06,89,703
As at 31 <sup>st</sup> March, 2019	-1.70%	-28,62,130	-12.85%	-28,62,129	0.00%	-	-10.48%	-28,62,129
<b>Total as at 31<sup>st</sup> March, 2020</b>	<b>100.00%</b>	<b>18,81,89,788</b>	<b>100.00%</b>	<b>2,07,24,057</b>	<b>100.00%</b>	<b>-3,53,015</b>	<b>100.00%</b>	<b>2,03,71,042</b>
<b>Total as at 31<sup>st</sup> March, 2019</b>	<b>100.00%</b>	<b>16,86,59,975</b>	<b>100.00%</b>	<b>2,22,72,167</b>	<b>100.00%</b>	<b>50,51,183</b>	<b>100.00%</b>	<b>2,73,23,350</b>

6. Previous year figures have been regrouped, whenever necessary to confirm to current year classification.



TEXEL INDUSTRIES LIMITED

CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

2 PROPERTY, PLANT AND EQUIPMENT

	Gross Block				Depreciation / Amortisation				[in Rupees]
	As at 1st April, 2019	Additions	Deductions	As at 31st March, 2020	As at 1st April, 2019	Additions	Deductions	As at 31st March, 2020	Net Block As at 31st March, 2020
<b>Current Year ended 31st March, 2020</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	24,03,616	-	-	24,03,616	-	-	-	-	24,03,616
Buildings	4,60,57,687	4,91,896	-	4,65,49,583	2,14,59,734	18,46,587	-	2,33,06,321	2,32,43,262
Plant and Equipments	11,32,78,735	77,31,257	-	12,10,09,992	6,59,53,073	19,90,217	-	6,79,43,290	5,30,66,702
Furniture and Fixtures	80,74,549	4,37,495	-	85,12,044	46,95,620	4,33,078	-	51,28,698	33,83,346
Vehicles	48,05,419	-	-	48,05,419	21,25,898	3,60,864	-	24,86,762	23,18,657
Office Equipments	85,55,130	8,13,064	-	93,68,194	55,61,314	10,12,662	-	65,73,976	27,94,218
Electric Installations	86,41,494	-	-	86,41,494	71,55,712	3,87,785	-	75,43,497	10,97,997
<b>Total Tangible Assets</b>	<b>19,18,16,630</b>	<b>94,73,712</b>	<b>-</b>	<b>20,12,90,342</b>	<b>10,69,51,351</b>	<b>60,31,193</b>	<b>-</b>	<b>11,29,82,543</b>	<b>8,83,07,799</b>
<b>Total Capital Work-in-Progress</b>	<b>71,800</b>	<b>1,46,36,750</b>	<b>71,800</b>	<b>1,46,36,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,46,36,750</b>
<b>INTANGIBLE ASSETS</b>									
Trade Mark	21,000	-	21,000	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>21,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>19,19,09,430</b>	<b>2,41,10,462</b>	<b>92,800</b>	<b>21,59,27,092</b>	<b>10,69,51,351</b>	<b>60,31,193</b>	<b>-</b>	<b>11,29,82,543</b>	<b>10,29,44,549</b>
<b>Previous Year ended 31st March, 2019</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	24,03,616	-	-	24,03,616	-	-	-	-	24,03,616
Buildings	3,89,73,718	70,83,969	-	4,60,57,687	2,00,41,349	14,18,385	-	2,14,59,734	2,45,97,953
Plant and Equipments	10,25,54,193	1,07,24,542	-	11,32,78,735	6,21,42,823	38,10,250	-	6,59,53,073	4,73,25,662
Furniture and Fixtures	74,11,187	6,63,362	-	80,74,549	43,03,040	3,92,580	-	46,95,620	33,78,929
Vehicles	43,17,145	4,88,274	-	48,05,419	17,25,296	4,00,602	-	21,25,898	26,79,521
Office Equipments	69,21,070	16,34,060	-	85,55,130	45,60,495	10,00,819	-	55,61,314	29,93,816
Electric Installations	86,41,494	-	-	86,41,494	69,10,078	2,45,634	-	71,55,712	14,85,782
<b>Total Tangible Assets</b>	<b>17,12,22,423</b>	<b>2,05,94,207</b>	<b>-</b>	<b>19,18,16,630</b>	<b>9,96,83,081</b>	<b>72,68,270</b>	<b>-</b>	<b>10,69,51,351</b>	<b>8,48,65,279</b>
<b>Total Capital Work-in-Progress</b>	<b>-</b>	<b>71,800</b>	<b>-</b>	<b>71,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,800</b>
<b>INTANGIBLE ASSETS</b>									
Trade Mark	21,000	-	-	21,000	-	-	-	-	21,000
<b>Total Intangible Assets</b>	<b>21,000</b>	<b>-</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,000</b>
<b>TOTAL</b>	<b>17,12,43,423</b>	<b>2,06,66,007</b>	<b>-</b>	<b>19,19,09,430</b>	<b>9,96,83,081</b>	<b>72,68,270</b>	<b>-</b>	<b>10,69,51,351</b>	<b>8,49,58,079</b>

Note: Deduction of fixed assets represents the old assets which is not being in used & written off



**TEXEL INDUSTRIES LIMITED**
**CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**
**3. OTHER NON-CURRENT FINANCIAL ASSETS**

Particulars	As at 31.03.2020	As at 31.03.2019
Security Deposits	1,31,33,372	84,78,592
Fixed Deposits with Bank (Maturity more than twelve Months)	22,08,922	47,18,152
<b>Total</b>	<b>1,53,42,294</b>	<b>1,31,96,744</b>

**Note :**

Total Bank deposits maturity Greater than twelve Months Rs. 22,08,922/- (PY 47,18,151/-) are given as margin against bank guarantee.

**4. OTHER NON-CURRENT ASSETS**

Particulars	As at 31.03.2020	As at 31.03.2019
Capital Advances for capital Goods	96,36,094	-
Balances with Government Revenue Authorities	4,55,299	1,01,023
<b>Total</b>	<b>1,00,91,393</b>	<b>1,01,023</b>

**5. INVENTORIES (Valued at lower of cost or net realisable value, unless otherwise stated)**

Particulars	As at 31.03.2020	As at 31.03.2019
Raw Materials	3,90,85,242	5,57,86,329
Work-in-Progress	5,11,11,370	5,00,64,885
Finished Goods	5,14,56,826	5,09,95,009
Stores and Spare parts	45,81,276	46,13,340
Waste / Scrap (valued at net realisable value)	4,51,570	1,96,706
<b>Total</b>	<b>14,66,86,283</b>	<b>16,16,56,268</b>

**6. TRADE RECEIVABLES**

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, Considered Good	6,14,73,660	18,32,78,120
Credit Impaired	-	-
	<b>6,14,73,660</b>	<b>18,32,78,120</b>
Less: Allownce for Credit Impaired	-	-
	<b>6,14,73,660</b>	<b>18,32,78,120</b>
<b>Others</b>		
Unsecured, Considered Good	-	-
<b>Total</b>	<b>6,14,73,660</b>	<b>18,32,78,120</b>



**7. CASH AND CASH EQUIVALENTS**

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with Banks - In Current Account	58,50,789	32,36,303
Cash on Hand	44,710	21,459
<b>Total</b>	<b>58,95,500</b>	<b>32,57,762</b>

**8. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

Particulars	As at 31.03.2020	As at 31.03.2019
Fixed Deposits with Banks (Maturity upto twelve months )	1,36,27,706	73,77,702
<b>Total</b>	<b>1,36,27,706</b>	<b>73,77,702</b>

**Note:**

Total Bank deposits maturity less than twelve months Rs. 1,36,27,706/- (PY 73,77,702/-) are given as margin against bank guarantee.

**9. OTHER CURRENT FINANCIAL ASSETS**

Particulars	As at 31.03.2020	As at 31.03.2019
Income Accrued But Not due	26,73,621	47,73,512
Loan to Employees	6,49,376	3,88,559
<b>Total</b>	<b>33,22,997</b>	<b>51,62,071</b>

**10. OTHER CURRENT ASSETS**

Particulars	As at 31.03.2020	As at 31.03.2019
Prepaid Expenses	17,57,249	3,53,614
Balances with Government Authorities	57,61,791	4,02,185
Other Short-Term Loans and Advances (including Advances to Suppliers etc.)	75,61,342	1,29,87,567
<b>Total</b>	<b>1,50,80,382</b>	<b>1,37,43,366</b>



**11. EQUITY SHARE CAPITAL**

Particulars		As at 31.03.2020	As at 31.03.2019
<b>11.1</b>	<b>Authorised</b>		
	1,00,00,000 (PY 1,00,00,000) Equity Shares of Rs. 10 each	10,00,00,000	10,00,00,000
	35,00,000 (PY 35,00,000) Preference Shares of Rs. 10 each	3,50,00,000	3,50,00,000
		<b>13,50,00,000</b>	<b>13,50,00,000</b>
<b>11.2</b>	<b>Issued, Subscribed and Fully Paid Equity Shares</b>		
	52,22,921 (PY 52,22,921) Equity Shares of Rs. 10 each fully paid	5,22,29,210	5,22,29,210
	<b>Total</b>	<b>5,22,29,210</b>	<b>5,22,29,210</b>

1. The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share held.
2. The Board of Directors has not recommended any dividend for the year ended 31st March, 2020.
3. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

**11.3 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year**

	Number of Shares	Amount
<b>As at 1st April, 2018</b>	<b>52,22,921</b>	<b>5,22,29,210</b>
Changes in equity share capital	-	-
<b>As at 31st March, 2019</b>	<b>52,22,921</b>	<b>5,22,29,210</b>
Changes in equity share capital	-	-
<b>As at 31st March, 2020</b>	<b>52,22,921</b>	<b>5,22,29,210</b>

**11.4 List of Shareholders holding more than 5 % shares in the Equity Share Capital of the Company:**

	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% Holding	No. of Shares	% Holding
<b>Equity Shares</b>				
Ms. Avani S Mehta	10,75,316	20.59%	10,75,316	20.59%
Mr. Mihir Bhandari	3,00,000	5.74%	3,00,000	5.74%
Mr. Ulhas Paymaster	3,03,000	5.80%	3,00,000	5.74%
Skypoint Technical Textile LLP	5,00,000	9.57%	5,00,000	9.57%



**TEXEL INDUSTRIES LIMITED**

**CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

**12 OTHER EQUITY**

					[in Rupees]	
	Securities Premium Account	Capital Redemption Reserve	Capital Reserve	Surplus as per Statement of Profit and Loss	Other Comprehensive income Remeasurement gain/(loss) on defined benefit plans	Total
<b>Balance as at 1st April, 2018</b>	<b>1,94,99,668</b>	<b>33,33,332</b>	<b>2,92,29,210</b>	<b>3,86,41,378</b>	<b>(4,28,351)</b>	<b>9,02,75,237</b>
Profit For The Year	-	-	-	2,22,72,167	-	2,22,72,167
Add:- Transfer to Capital Redemption Reserve on account of redemption of preference share capital	-	1,30,00,000	-	-	-	1,30,00,000
Less:- Transfer to Capital Redemption Reserve on account of redemption of preference share capital	-	-	-	1,30,00,000	-	1,30,00,000
Add:- Remeasurement gain/(loss) on defined benefit plans	-	-	-	-	50,51,183	50,51,183
Add. Excess / (Short) provision of Income Tax	-	-	-	(11,67,821)	-	(11,67,821)
<b>Balance as at 31st March, 2019</b>	<b>1,94,99,668</b>	<b>1,63,33,332</b>	<b>2,92,29,210</b>	<b>4,67,45,723</b>	<b>46,22,832</b>	<b>11,64,30,765</b>
Profit For The Year	-	-	-	2,07,24,057	-	2,07,24,057
Add:- Remeasurement gain/(loss) on defined benefit plans	-	-	-	-	(3,53,015)	(3,53,015)
Add. Excess / (Short) provision of Income Tax	-	-	-	(8,41,230)	-	(8,41,230)
<b>Balance as at 31st March, 2020</b>	<b>1,94,99,668</b>	<b>1,63,33,332</b>	<b>2,92,29,210</b>	<b>6,66,28,550</b>	<b>42,69,818</b>	<b>13,59,60,578</b>

Notes :

1. Securities premium is used to record the premium on issue of equity shares. The Securities premium amount is utilised in accordance with the provision of the companies Act 2013.
2. The capital redemption account is created on account of redemption of preference shares and to be utilised in accordance of the provision of the companies Act 2013.
3. Capital Reserve was created on account of reduction of shares capital as per the order passed Hon'ble High Court of Gujarat and can be utilised in accordance with the provision of companies act 2013.





### 13 NON-CURRENT BORROWINGS

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Secured</b>		
Term loans from Banks		
ICICI Bank Ltd.	6,15,771	9,88,658
<b>Total</b>	<b>6,15,771</b>	<b>9,88,658</b>
[Hypothecation of Vehicle]		
<b>Unsecured</b>		
Loans From Related Parties	3,41,641	3,41,641
Loans From Others	2,55,000	2,55,000
<b>Total</b>	<b>5,96,641</b>	<b>5,96,641</b>
<b>Total</b>	<b>12,12,412</b>	<b>15,85,299</b>

1. ICICI Bank Loan interest rate 8.25% p.a. , repayable in 60 monthly EMI of Rs. 36,714 ending on September, 2022. , Out of above loans, The EMI falling due within period of one year from reporting date, have been grouped under " Current maturity of long term Debts".

2. Loans from related party includes loan payable to Non Executive Director of the Company. No interest is paid towards the said loan.

### 14 OTHER NON CURRENT FINANCIAL LIABILITIES

Particulars	As at 31.03.2020	As at 31.03.2019
Trade - Deposit	7,50,000	7,50,000
<b>Total</b>	<b>7,50,000</b>	<b>7,50,000</b>

### 15 NON CURRENT PROVISIONS

Particulars	As at 31.03.2020	As at 31.03.2019
For Employees Benefits		
Provision for Gratuity	31,58,938	22,61,876
Provision for Sick Leave	1,67,074	1,72,603
Provision for Leave encashment	10,61,030	6,87,896
<b>Total</b>	<b>43,87,042</b>	<b>31,22,375</b>

### 16 Deferred tax liabilities (Net)

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred tax liabilities (Net)	40,98,308	44,21,873
<b>Total</b>	<b>40,98,308</b>	<b>44,21,873</b>



**17 CURRENT BORROWINGS**

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Unsecured</b>		
Intercompany Loan	1,47,39,320	1,43,43,168
<b>Total</b>	<b>1,47,39,320</b>	<b>1,43,43,168</b>

**Note:-**

Inter company Loan carries interest at various rates between 12% to 15% and payable on quarterly basis. Further the said loan is repayable on demand.

**18 TRADE PAYABLES**

Particulars	As at 31.03.2020	As at 31.03.2019
Due to Micro and Small Enterprise	2,67,311	15,56,688
Due to Other than Micro and Small Enterprise.	11,15,10,823	22,86,61,332
<b>Total</b>	<b>11,17,78,134</b>	<b>23,02,18,020</b>

**Note:-**

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2019-20, to the extent the company has received intimation from the "Suppliers" regarding their status under the Act.

a. Principal and interest amount remaining unpaid	2,67,311	15,56,688
b. Interest due thereon remaining unpaid	39,166	1,81,765
c. Interest paid by the company in terms of section 16 of the Micro, Small and Medium enterprise Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprise Act, 2006	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

**19 OTHER CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31.03.2020	As at 31.03.2019
Current Maturity of Long Term Debts	3,72,889	3,43,453
Dividend Payable on Preference Shares	-	4,14,246
<b>Total</b>	<b>3,72,889</b>	<b>7,57,699</b>





**20 OTHER CURRENT LIABILITIES**

Particulars	As at 31.03.2020	As at 31.03.2019
Statutory Liabilities	71,20,733	50,07,061
Payable on purchase of property, plant & equipment	20,77,435	3,09,690
Advances From Customer	2,02,00,632	2,33,85,969
<b>Total</b>	<b>2,93,98,799</b>	<b>2,87,02,720</b>

**21 CURRENT PROVISIONS**

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for Gratuity	20,61,438	20,49,582
Provision for Sick Leave	17,590	19,851
Provision for Leave encashment	1,71,450	1,16,668
Provision for Expenses	71,87,886	87,66,836
<b>Total</b>	<b>94,38,364</b>	<b>1,09,52,937</b>

**22 LIABILITY FOR CURRENT TAX (NET)**

Particulars	As at 31.03.2020	As at 31.03.2019
Liability for current tax (Net of Advance Tax and Tax Deducted at Sources.)	1,00,99,708	92,17,068
<b>Total</b>	<b>1,00,99,708</b>	<b>92,17,068</b>



**TEXEL INDUSTRIES LIMITED**  
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**23 REVENUE FROM OPERATIONS**

Particulars	[in Rupees]	
	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
i Sale of Products	93,75,21,259	1,11,10,93,289
ii Other Operating Revenues Sale of Waste & Others	1,56,15,079	1,24,42,717
<b>Total</b>	<b>95,31,36,338</b>	<b>1,12,35,36,006</b>

**24 OTHER INCOME**

Particulars	[in Rupees]	
	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Interest Income on :		
Interest Income on others	2,30,916	31,08,065
Interest on Fixed Deposit with Bank	9,03,675	4,25,449
Export Incentives	26,507	-
Provision for foreign exchange markup gain	9,97,615	-
<b>Total</b>	<b>21,58,713</b>	<b>35,33,514</b>

**25 COST OF MATERIALS CONSUMED**

Particulars	[in Rupees]	
	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Opening Stock	5,57,86,329	3,40,42,025
Add : Purchases , Including Incidental Expenses	53,77,69,748	68,29,13,650
<b>Total</b>	<b>59,35,56,077</b>	<b>71,69,55,675</b>
Less : Closing Stock	3,90,85,242	5,57,86,329
<b>Total</b>	<b>55,44,70,835</b>	<b>66,11,69,346</b>

**26 PURCHASES OF STOCK-IN-TRADE**

Particulars	[in Rupees]	
	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Traded Goods	12,45,46,626	19,70,98,406
<b>Total</b>	<b>12,45,46,626</b>	<b>19,70,98,406</b>

**27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Particulars	[in Rupees]	
	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Opening Inventories		
Finished Goods	5,09,95,009	2,10,88,893
Process Stock	5,00,64,885	7,50,59,170
Waste/Scrap	1,96,706	4,11,517
	<b>10,12,56,599</b>	<b>9,65,59,580</b>
Closing Inventories		
Finished Goods	5,14,56,826	5,09,95,009
Process Stock	5,11,11,370	5,00,64,885
Waste/Scrap	4,51,570	1,96,706
	<b>10,30,19,766</b>	<b>10,12,56,599</b>
(Increase) / Decrease in Stocks	(17,63,166)	(46,97,019)
Less : (Increase) / Decrease in Excise Duty on Stocks	-	-
<b>Total</b>	<b>(17,63,166)</b>	<b>(46,97,019)</b>

**28 EMPLOYEES BENEFIT EXPENSES**

Particulars	[in Rupees]	
	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Salaries and Wages	4,58,76,540	3,72,61,758
Contribution to Provident and other Funds	11,82,223	9,01,888
Staff Welfare Expenses	17,29,199	8,92,965
<b>Total</b>	<b>4,87,87,962</b>	<b>3,90,56,611</b>



29 FINANCE COSTS

Particulars	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Interest on Borrowing	15,68,095	17,30,109
Interest on Income tax	8,26,670	-
Interest on Trade payable	1,25,53,794	1,52,46,239
<b>Total</b>	<b>1,49,48,559</b>	<b>1,69,76,348</b>

30 OTHER EXPENSES

Particulars	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
<b>Manufacturing Expenses</b>		
Consumption of Stores, Spare Parts and Components and Incidental Expenses	99,97,952	89,56,469
Processing Charges	4,81,47,492	6,12,81,601
Power & Fuel	2,59,30,529	2,60,39,720
Repairs to Buildings	4,38,600	3,72,299
Repairs to Machinery	6,10,713	3,76,730
	<b>8,51,25,286</b>	<b>9,70,26,819</b>
<b>Administration, Selling and Distribution Expenses</b>		
Advertisement and Sales Promotion	36,93,492	13,30,579
Insurance	10,92,741	4,74,122
Rates and Taxes	9,69,026	4,19,656
Directors' Sitting Fees	1,20,000	1,00,000
Bank Charges & Commission	1,74,819	2,19,996
Repairs & Maintenance- Computer & Other	8,92,050	6,45,681
Conveyance Exp.	15,23,440	15,95,648
Freight and forwarding	1,93,63,728	2,30,33,582
Legal and professional charges	1,15,72,063	1,22,29,137
Post & Telegram	3,89,422	4,05,883
Printing and stationery	5,56,012	5,62,834
Sales commission	23,12,797	1,30,10,448
Security Charges	10,07,193	9,78,241
Telephone Expenses	33,008	30,682
Site Expense	1,47,04,593	78,90,021
Research & Development Exp.	3,97,817	11,96,718
Foreign Marketing Exp.	99,19,381	35,37,457
Travelling Expenses	29,83,548	51,13,050
Exchange on A/c. Of Consolidation	6,47,191	-
Other General & Miscellaneous Expenses	66,50,319	57,74,291
Bad debts/advance written off	95,85,599	4,69,637
Provision for post-sales support & warranties	35,32,071	35,25,940
Loss on Fixed Assets Discarded	21,000	-
	<b>9,21,41,308</b>	<b>8,25,43,602</b>
<b>Auditors' Remuneration (excluding service tax) charged to Statement of Profit and Loss</b>		
<b>Payments to Statutory Auditors:</b>		
Audit Fee	3,01,768	1,00,000
Tax Audit Fee	25,000	-
Certification Charges	10,000	-
<b>Total</b>	<b>3,36,768</b>	<b>1,00,000</b>
<b>Total</b>	<b>17,76,03,363</b>	<b>17,96,70,421</b>

31 Earnings Per Share:

Particulars		For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Net profit for the year attributable to equity shareholders	In Rupees	2,03,71,042	2,73,23,350
Weighted-average-number of equity shares outstanding	Nos	52,22,921	52,22,921
Basic Earnings Per Share (Face Value of ₹ 10 each)	In Rupees	3.90	5.23
Diluted Earnings Per Share (Face Value of ₹ 10 each)	In Rupees	3.90	5.23





**INCOME TAXES EXPENSE**

Tax expense recognized in the statement of Profit and Loss

[in Rupees]

Particulars	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
<b>Current Tax</b>		
Current Tax on taxable income for the year	1,02,69,187	94,28,639
<b>Total current tax expense</b>	<b>1,02,69,187</b>	<b>94,28,639</b>
<b>Deferred tax</b>		
Deferred tax charges/(credit)	(3,23,565)	(11,73,670)
MAT Credit (taken)/utilised	-	-
<b>Total deferred income tax expense/(benefit)</b>	<b>(3,23,565)</b>	<b>(11,73,670)</b>
<b>Total income tax expense</b>	<b>99,45,622</b>	<b>82,54,969</b>

A) reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:

Particulars	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Enacted income tax rate in India applicable to the company	25.168%	27.820%
Profit Before Tax	3,06,69,679	3,05,27,136
<b>Current Tax expenses on Profit Before tax expenses at the enacted income tax rate in India</b>	<b>77,18,945</b>	<b>84,92,649</b>
<b>Tax effect of the amount which are not deductible/(taxable) in calculating taxable income</b>		
Permanent Disallowances	2,22,357	40,532
Income not considered for tax purpose	-	-
Expenses not allowed for tax purpose	30,42,897	35,82,590
Additional Allowables for tax purpose	(33,64,562)	(34,83,378)
Deferred Tax for Current Year	(3,23,565)	(11,73,670)
Other	26,49,550	7,96,246
<b>Total Income tax expense/(Credit)</b>	<b>99,45,622</b>	<b>82,54,969</b>

Consequent to reconciliation items shown above, the effective tax rate is 32.43% (2018-19: 27.04%)

B) The Movement in deferred tax assets and liabilities during the year ended 31st March, 2019 and 31st March, 2020

	As at 1st April, 2018 - Deferred Tax Liabilities/(Asset)	Charge/(Credit) in statement of Profit and Loss	As at 31st March, 2019 - Deferred Tax Liabilities/(Asset)	Charge/(Credit) in statement of Profit and Loss	As at 31st March, 2020 - Deferred Tax Liabilities/(Asset)
Depreciation	74,98,239	(6,83,257)	68,14,982	1,89,556	70,04,538
Provision for Gratuity	(12,98,268)	42,772	(12,55,496)	(58,367)	(13,13,863)
Provision for Leave Encashment	(2,02,450)	(87,882)	(2,90,332)	(66,335)	(3,56,667)
Provision of Bonus	-	(2,46,298)	(2,46,298)	(7,38,919)	(9,85,217)
Provision of Warranty	(4,01,978)	(1,99,005)	(6,00,983)	3,50,500	(2,50,483)
<b>Total Deferred Tax Liabilities/(Asset)</b>	<b>55,95,543</b>	<b>(11,73,670)</b>	<b>44,21,873</b>	<b>(3,23,565)</b>	<b>40,98,308</b>

Note : The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for taxation and remeasured its deferred tax liabilities based on the rate prescribed in the said Section as introduced by the Taxation Laws (Amendment) Ordinance, 2019.



32. Details of Related Party Transaction

			(in Rupees)
Particulars	KMP	Relative of KMP	Entity in which KMP/Relative of KMP having significant influence
<b>A) Transaction During the year</b>			
<b>Salary &amp; Perquisites to Managing Director</b>			
Shailesh R Mehta	74,98,533 (73,09,996)	- -	- -
<b>Salary of KMP</b>			
Shweta Sultania	10,57,573 (5,15,568)	- -	- -
Vikram Patel	9,39,047 (6,92,602)	- -	- -
<b>Loan Given to KMP</b>			
Vikram Patel	3,00,000 -	- -	- -
<b>Salary Relative of KMP</b>			
Avishi Shredalal	- -	5,32,289 (4,46,889)	- -
Anisha Mehta	- -	1,84,325 (78,788)	- -
<b>Director Sitting Fees</b>			
Kirit Mehta	50,000 (50,000)	- -	- -
Dr. Christy Leon Fernandez	30,000 (40,000)	- -	- -
Mrs. Jasmin Nahidakhtar Vhora	40,000 (10,000)	- -	- -
<b>Legal and professional fees</b>			
G.P. Kapadia & Co	- -	- -	18,00,000 -
C R Shredalal & Co	- -	- -	1,00,000 -
Mrs. Avani S Mehta	- -	2,08,000 -	- -
<b>Risha Aquaprufl Infrastructure LLP</b>			
Site Expense (Labour Charges)	- -	- -	1,41,71,249 (77,46,025)
<b>Moneeto Plasti-Fab P. LTD</b>			
Sales	- -	- -	15,64,634 (53,76,752)
Purchase of Raw Material	- -	- -	27,31,036 (24,60,454)
<b>Anjaneya Enterprise</b>			
Job works charges	- -	- -	1,09,000 (66,725)
Purchase of Raw Material	- -	- -	2,04,03,891 (2,13,66,615)
Sales	- -	- -	1,34,35,049 (1,15,79,604)
<b>Risha Infrastructure</b>			
Marketing Exp.	- -	- -	48,00,000 -



32. Details of Related Party Transaction: (contd.)

Particulars	KMP	Relative of KMP	Entity in which KPM/Relative of KMP having significant influence
<b>Grow Materials LLC</b>			
Purchase of Raw Material	-	-	-
	-	-	(9,40,888)
<b>BI Closing balances</b>			
<b>Receivable from</b>			
Moneeto Plasti-Fab P. LTD	-	-	-
	-	-	(16,14,060)
Anjaneya Enterprise	-	-	5,18,653
	-	-	-
<b>Payable to</b>			
Anjaneya Enterprise	-	-	-
	-	-	(2,78,776)
Moneeto Plasti-Fab P. LTD	-	-	11,02,350
	-	-	-
Risha Infrastructure	-	-	8,64,000
	-	-	-
Risha Aquaproof Infrastructure LLP	-	-	1,48,64,435
	-	-	(46,83,562)
Narshi R Mehta	4,40,151	-	-
	(4,40,151)	-	-
Shailesh R Mehta	13,34,380	-	-
	(17,44,745)	-	-
Shweta Sultania	75,728	-	-
	(80,728)	-	-
Vikram Patel	82,122	-	-
	(85,746)	-	-
Anisha Mehta	-	20,900	-
	-	(18,178)	-
Avishi Sheredulal	-	42,114	-
	-	(41,914)	-
Grow Materials LLC	-	-	9,40,888
	-	-	(9,40,888)
<b>Loans &amp; Advances - Receivable</b>			
Crossland Housing & Const. Limited	-	-	10,00,000
	-	-	(10,00,000)
Mehta & Dholabhai	-	-	6,15,209
	-	-	(6,15,209)
Vikram Patel	2,41,867	-	-
	-	-	-
<i>Figures in brackets relates to previous year ended on 31st March, 2019</i>			





**TEXEL INDUSTRIES LIMITED**

**CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

**33. Contingent Liabilities not provided for in respect of:**

[in Rupees]

Particulars		As at 31.03.2020	As at 31.03.2019
<b>33.1</b>	<b>Claims/disputed liabilities not acknowledged as liability:</b>		
(a)	EPF Interest and Damages (The company has filed Special Civil Application on 18/05/2016, before Honourable Gujarat High Court for quash and set aside the notice of demand raised by Employees Provident Fund Organisation for Rs.11,31,463/- on late payment of remittance for November,1998 to January, 2014 vide notice dated 25.04.2016 and to stay on the notice of demand dated 25.04.2016 during pending admission and hearing of the present petition).	11,31,463	11,31,463
(b)	Income Tax demand raised by Income tax Department for Assessment year 2018-2019 , Against that Appeal has been filed at Commissioner of Income Tax - Appeal.	14,61,623	-
(c)	Bank Guarantee (against 100% margin money in form of deposits)	1,45,26,552	1,14,89,668

Cash outflows for the above cases are determinable only on receipt of judgements pending at various forums/authorities.



### 34. Defined Benefit Plan

The Company has adopted Accounting Standard 19 (Ind AS-19) "Employee Benefits" which is mandatory from accounting periods starting from 1st April, 2017. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

#### I. Reconciliation of opening and closing balance of Defined Benefit Obligation (Unfunded)

Particulars	[in Rupees]	
	Year Ended 31.03.2020	Year Ended 31.03.2019
	Gratuity	Gratuity
Present value of obligation as at the beginning	43,11,458	37,51,352
Current service cost	4,72,115	3,36,535
Past Service Cost	-	-
Interest cost	3,35,863	2,94,481
Benefits paid	(51,469)	-
Actuarial (Gain) / Loss	1,52,409	(70,910)
<b>Present value of obligation as at the end (Unfunded)</b>	<b>52,20,376</b>	<b>43,11,458</b>

#### II. Reconciliation of opening and closing balance of fair value of plan assets

Not applicable as Gratuity and Leave Liability is unfunded.

#### III. Reconciliation of fair value of assets and obligation

Not applicable as Gratuity and Leave Liability is unfunded.

#### IV. Expense recognised during the year

Particulars	Year Ended	
	31.03.2020	31.03.2019
	Gratuity	Gratuity
Service cost	4,72,115	3,36,535
Interest cost	3,35,863	2,94,481
Actuarial (Gain) / Loss	1,52,409	(70,910)
<b>Net cost included in 'Employee Benefit Expense'</b>	<b>9,60,387</b>	<b>5,60,106</b>

#### V. Investment Details

Not applicable as Gratuity and Leave Liability is unfunded.

#### VI. Actuarial Assumptions for Gratuity

	Year Ended 31.03.2020	Year Ended 31.03.2019
Discount rate (per annum)	7.79%	7.85%
Expected rate of return on plan assets (per annum)	N.A.	N.A.
Rate of escalation in salary (per annum)	7.00%	7.00%

#### VII. Other disclosures

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Present value of obligation as at the end - Gratuity	52,20,376	43,11,458
Surplus/(deficit) - Gratuity	(52,20,376)	(43,11,458)
Experience adjustment on plan liability - Gratuity	(1,49,716)	(85,189)
Actuarial Loss / ( Gain ) due to change in assumptions - Gratuity	3,02,125	14,279



**TEXEL INDUSTRIES LIMITED**

CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

**35. Other Disclosures**

35.1 Details of imported and indigenous raw material consumed: [in Rupees]

Particulars	Year Ended 31.03.2020		Year Ended 31.03.2019	
	Amount	%	Amount	%
Imported raw material	26,86,970	0.48%	26,65,661	0.40%
Indigenous raw material	55,17,83,865	99.52%	65,85,05,685	99.60%
<b>Total</b>	<b>55,44,70,835</b>	<b>100%</b>	<b>66,11,69,346</b>	<b>100%</b>

35.2 Value of import on CIF basis:

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Raw material	26,86,970	26,65,661
Capital goods	-	-
Others	-	-

35.3 Earnings in foreign currency:

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Export of goods on FOB basis	-	-
Others	-	-

35.4 Foreign currency (USD \$) exposure that are not hedged

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Advance for Goods	1,20,519	-

While preparing financial statements of the year, previous year figures have been reclassified/regrouped wherever necessary.

Significant Accounting Policies

Accompanying Notes are an integral part of the Financial Statements

As per our report of even date attached

For **SUNIL PODDAR & Co.**

Chartered Accountants

Firm, Reg. No. 110603W

For and On Behalf of the Board of Director of M/s Texel Industries Limited

  
[ CA. Pankaj Agarwal ]  
Partner  
Membership No. 443450  
UDIN: 20443450AAAAA9986

  
Shailesh R. Mehta  
Managing Director  
DIN: 01457666

  
Kirit N. Mehta  
Chairman & Independent Director  
DIN: 00444837  
Place: Mumbai  
Dated: 27th June, 2020

Place: Ahmedabad  
Dated: 27th June, 2020

  
Vikram Patel  
CFO

  
Shweta Sultania  
Company Secretary  
Membership No. ACS 22290

## MATERIAL DEVELOPMENT

Except as stated in this Draft Letter of Offer and as disclosed below, to our knowledge, non-circumstances have arisen since March 31, 2020, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

### 1. **Outbreak of COVID 2019:**

The World Health Organization declared the outbreak of COVID-2019 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020. As a result, the Company's production activities were temporarily suspended from March 24, 2020 to April 23, 2020 which impacted its business including its revenues and profitability. The Company partially resumed its manufacturing activity at the Existing Manufacturing Facility. Thereafter, on further relaxation of lock-down measures, there was improvement in plant operations from May 20, 2020 onwards and the Company resumed operations of registered office w.e.f May 20, 2020. However, progressive relaxations were granted for movement of goods & people and cautious re-opening of businesses and offices was carried out. Certain countries have reinstated lockdown conditions due to a 'second wave/ third wave' of the Covid-19 outbreak and the discovery of a new strain. The considerable increase in fresh Covid-19 cases in India has once again led to stringent conditions or imposition of additional restrictions on movement of people by some of the State Governments. For further details, see "*Risk Factors*" on page 22.

### 2. **Expansion plan - Setting up new manufacturing facility at Hariyala, Kheda district, Gujarat.**

The Board of Directors of the Company in its meeting held on February 3, 2020, has approved the expansion plan of the Company for establishing a geosynthetic textile manufacturing unit at Hariyala, Dist: Kheda, Gujarat. For further details, see chapter titled "*Objects of the Issue*" on page 50.

3. The Board of Directors of the Company, at its meeting held on July 25, 2020, had considered and approved the unaudited financial results (standalone and consolidated) for the quarter ended June 30, 2020.
4. The members of the Company, in the 31<sup>st</sup> Annual General Meeting held on August 29, 2020, have:
  - a) Approved and adopted financial statements (standalone and consolidated) for the Fiscal 2020.
  - b) Approved the appointment of Mr. Naresh Mehta as a Non-Executive Director of the Company, who retires by rotation and being eligible, offers himself for reappointment.
  - c) Accorded approval for variation in terms of the remuneration of Mr. Shailesh Mehta, Managing Director of the Company with effect from April 1, 2020 up to the remaining period of his tenure ending on February 14, 2023.
  - d) Approval for fund raising of securities for an aggregate amount of ₹2,000 Lakhs.
5. Vide special resolution passed by way of postal ballot on October 30, 2020, the Equity Shareholders of the Company, have:
  - a. Approved the alteration of object clause and liability clause of the Memorandum of Association to align with the provisions of the Companies Act.
  - b. Approved the increase in Authorised Share Capital and alteration of clause V of the Memorandum of Association.
  - c. Approved and adopted new set of Articles of Association of the Company in conformity with the Companies Act.
  - d. Approved the overall increase in limit of holding from 10% to 24% on repatriation basis in the Company by Non-resident Indians and Overseas Citizen of India.
  - e. Approved the availing and accepting loans, borrowings, advances or financial assistances from any banks, financial institutions, Directors of the Company, Promoters and Promoter Group of the Company or any other body corporates, individuals or persons (with an option to convert such loans (whole or in part) into Equity Shares including securities convertible into Equity Shares or get the allotment of such securities of the Company against the outstanding loans in accordance with the terms and conditions specified under the loan agreements, facility agreements or other similar arrangements or agreements with the lenders.

6. The Board of Directors of the Company, at its meeting held on November 11, 2020, had considered and approved the unaudited financial results (standalone and consolidated) for the quarter and six months ended September 30, 2020.
7. Our Company has, pursuant to sanction letter dated January 22, 2021, availed a facility of ₹1,100.00 Lakhs from Kotak Mahindra Bank Limited in form of term loan and working capital loan. The facility is secured by way of all existing and future current assets and fixed assets (movable and immovable) of our Company. Further, through collateral security over properties and pledge of 20% equity shares of Texel Industries Limited belonging to Mr. Shailesh R. Mehta.
8. The Board of Directors of the Company, at its meeting held on February 9, 2021, had considered and approved the unaudited financial results (standalone and consolidated) for the quarter and nine months ended December 31, 2020.
9. The Board of Directors of the Company has, at its meeting held on May 8, 2021, *inter alia*, considered and approved the raising of funds through issue of equity shares of face value of ₹10 each for an aggregate amount of up to ₹2,000 Lakhs on a rights basis to the eligible equity shareholders of the Company.

## ACCOUNTING RATIOS

The following table sets forth the accounting ratios as at December 31, 2020, March 31, 2020 and March 31, 2019:

### Accounting Ratios (Consolidated)

Particulars	Nine months ended December 31, 2020	Year ended March 31, 2020	Year ended March 31, 2019
Earnings Per Share			
(a) Basic Earnings Per Share (after extraordinary items) (₹)	2.63	3.97	4.26
(b) Diluted Earnings Per Share (after extraordinary items) (₹)	2.63	3.97	4.26
Return on Net Worth (after extraordinary items and excluding revaluation reserves)	6.98%	11.27%	13.58%
Net Asset Value / Book Value per Equity	37.72	35.21	31.41
EBITDA (in ₹ Lakhs)	344.96	516.49	547.72

*Certified by M/s Sunil Poddar & Co., Chartered Accountants, Statutory Auditors of our Company vide certificate dated June 18, 2021.*



## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our Audited Consolidated Financial Statements as of and for the Fiscals 2020 and 2019 and our Limited Review Interim Consolidated Financial Results as of and for the nine months period ended December 31, 2020 and December 31, 2019 included in this Draft Letter of Offer. Our Audited Consolidated Financial Statements for Fiscal 2020 & Fiscal 2019 and Limited Review Interim Consolidated Financial Results as of and for the nine months period ended December 31, 2020 & December 31, 2019, are prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the Consolidated Financial Statements of our Company.*

*This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled “Risk Factors” and “Forward Looking Statements” on pages 22 and 18 respectively.*

*Our financial year ends on March 31 of each year, so all references to a particular “financial year” and “Fiscal” are to the twelve (12) month period ended March 31 of that year. References to the “Company”, “we”, “us” and “our” in this chapter refer to Texel Industries Limited on a consolidated basis, as applicable in the relevant period, unless otherwise stated.*

### Overview of our Business

Established in 1989, we are an ISO 9001:2015 certified company engaged in manufacturing of tarpaulins and geomembranes with an experience of more than three decades. We manufacture a wide range of geo-synthetic textile products which includes tarpaulins, geomembranes, vermibed, geotank, geotube, grow bags azollabed, and water proof membrane. Our products are used in agriculture, aquaculture, horticulture animal husbandry, civil engineering, water harvesting, water conservation and disaster relief, landscaping, transportation and waste management.

Presently, we have one manufacturing facility which is located at Santej, Gandhinagar district, Gujarat. We have an installed manufacturing capacity of 9,000 MT per annum for geosynthetics textile products including tarpaulins. We are in the process of setting up a new manufacturing facility at Unit No. P-2, Prime Industrial and Logistic Hub, Mouje- Hariyala, Taluka & District: Kheda, Gujarat which will expand our manufacturing capacity by 10,080 MT per annum for geosynthetics products.

Our products cater to different customers such as government departments, government organizations and private businesses and farmers. Our products are also sold to farmers through government tenders and market our products online. Our customers are from different industries which include agriculture, infrastructure and irrigation.

### Significant Factors affecting our Business, Financial Condition and Results of Operations

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled ‘Risk Factors’ on page 22. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- The impact of COVID-19 pandemic;
- Factors affecting the Geomembrane and Tarpaulins industry;
- Increasing competition in the Industry;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

### Significant Accounting Policies

For details about our key significant accounting policies, see section titled “Financial Information” on page 87.

## Change in Accounting Policies

There has been no change in accounting policies during the Fiscal 2020 and for nine months period ended December 31, 2020.

## Reservations, Qualifications, Matter of Emphasis, Adverse Remarks / Other Observations in CARO

The following is the summary of qualifications/ reservation /emphasis of matters/ adverse remarks / other observations in CARO in the Fiscal 2020:

Financial Year	Type of Financials	Qualifications / Reservation /Matter of Emphasis/ Adverse Remarks/ Other Observations in CARO	Impact on the Financial Statements of the Company								
For the year ended March 31, 2020	Consolidated and Standalone	<b>Matter of Emphasis:</b> We draw attention to point 3 of Other disclosures forming part of the consolidated and standalone Ind AS Financial Statements, which describes the uncertainties and the impact of Covid-19 pandemic on the group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.	Nil								
March 31, 2020	Standalone	vii: Undisputed and disputed taxes and duties  b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with the appropriate authorities on account of any dispute except of the following: (₹ in Lakhs)	To the extent of tax not paid, profit /general reserve of the company has been overstated.								
		<table border="1"> <thead> <tr> <th>Sl.</th><th>Name of the Statute</th><th>Forum where dispute is pending</th><th>As at 31-03-2020</th></tr> </thead> <tbody> <tr> <td>1</td><td>Income Tax Act</td><td>CIT (Appeals)</td><td>14.62</td></tr> </tbody> </table>	Sl.	Name of the Statute	Forum where dispute is pending	As at 31-03-2020	1	Income Tax Act	CIT (Appeals)	14.62	
Sl.	Name of the Statute	Forum where dispute is pending	As at 31-03-2020								
1	Income Tax Act	CIT (Appeals)	14.62								

## Principal Components of Our Statement of Profit and Loss

### Revenue

#### Revenue from operations

Revenue from operations is due to sales of products and sale of waste and others which are recognized when the control of the goods has been passed to the customers as per terms of agreement and there is no continuing effective control or managerial involvement with goods.

#### Other Income

Other income primarily comprises recurring income which includes interest income on fixed deposits placed with banks, financial institutions and others, as well as, certain non-recurring income such as export incentive and gain on foreign currency transactions.

### Expenses

Our expenses primarily comprise cost of raw material consumed, purchase of stock in trade, changes in inventories of stock-in-trade, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

#### *Cost of Raw Material Consumed*

The purchase of raw material comprises of purchase of HDPE, LDPE, LLDPE, Reprocess Granules, Polyethylene Film.

#### *Purchase of stock in trade*

Purchase of stock in trade comprises of HDPE, LDPE, LLDPE, Reprocess Granules.

#### *Changes in inventories of finished goods, work in progress and stock-in-trade*

Changes in inventories of finished goods, work in progress and waste/scrap comprises of difference in closing balance *vis-a-vis* opening balance of finished goods, work in progress and waste/scrap.

#### *Employee benefit expenses*

Employee benefit expense consists of salaries, wages, contribution to provident fund & other funds and staff welfare expenses.

#### *Finance cost*

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loans, interest on trade payable, interest on income tax, and TDS.

#### *Depreciation and Amortization Expense*

Depreciation and amortization expense comprises of depreciation on building, plant and machinery, office equipment, furniture & fixtures, vehicles, electric installation and amortization of intangible assets.

#### *Other expenses*

Other expenses comprises of manufacturing expense including processing charges, power & fuel, repairs to building and machinery and consumption of stores and spare parts. It also includes administration, selling & distribution expenses comprising freight forwarding, legal & professional fees, site expenses, rent expenses, commission & brokerage, advertisement & sales promotion, repair & maintenance expenses, travelling expenses, insurance expenses, conveyance expenses, printing and stationary, provision for post-sale support & warranties expenses, bad debt expenses and miscellaneous expenses.

#### *Tax expenses*

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

## Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(₹ in Lakhs)

Particulars	Nine Months ended December 31, 2020		Nine Months ended December 31, 2019		Fiscal 2020		Fiscal 2019	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenue from Operations	5,504.14	99.88%	7,568.21	99.92%	9,531.36	99.77%	11,235.36	99.69%
Other Income	6.72	0.12%	6.27	0.08%	21.59	0.23%	35.34	0.31%
<b>Total Revenue</b>	<b>5,510.86</b>	<b>100.00%</b>	<b>7,574.48</b>	<b>100.00%</b>	<b>9,552.95</b>	<b>100.00%</b>	<b>11,270.70</b>	<b>100.00%</b>
Cost of Material Consumed	2,460.77	44.65%	4,626.80	61.08%	5,544.71	58.04%	6,611.69	58.66%
Purchase of Stock in trade	920.53	16.70%	1,039.02	13.72%	1,245.46	13.04%	1,970.99	17.49%
Changes in Inventories of finished goods, stock-in-trade and work in progress	522.24	9.48%	(238.76)	-3.15%	(17.63)	-0.18%	(46.97)	-0.42%
Employee Benefit Expense	344.58	6.25%	344.30	4.55%	487.88	5.11%	390.57	3.47%
Financial Costs	75.18	1.36%	114.39	1.51%	149.49	1.56%	169.76	1.51%
Depreciation and Amortization Expense	61.31	1.11%	62.55	0.83%	60.31	0.63%	72.68	0.64%
Other Expenses	917.78	16.65%	1,360.28	17.96%	1,776.03	18.59%	1,796.71	15.94%
<b>Total Expenses</b>	<b>5,302.39</b>	<b>96.22%</b>	<b>7,308.58</b>	<b>96.49%</b>	<b>9,246.25</b>	<b>96.79%</b>	<b>10,965.43</b>	<b>97.29%</b>
<b>Profit Before Tax</b>	<b>208.47</b>	<b>3.78%</b>	<b>265.90</b>	<b>3.51%</b>	<b>306.70</b>	<b>3.21%</b>	<b>305.27</b>	<b>2.71%</b>
Tax expense:								
- Current Tax	84.75	1.54%	101.56	1.34%	102.69	1.07%	94.29	0.84%
- Deferred tax	(13.74)	-0.25%	(8.67)	-0.11%	(3.23)	-0.03%	(11.74)	-0.10%
<b>Net Tax expenses</b>	<b>71.01</b>	<b>1.29%</b>	<b>92.89</b>	<b>1.23%</b>	<b>99.46</b>	<b>1.04%</b>	<b>82.55</b>	<b>0.73%</b>
<b>Net Profit / (Loss) after tax</b>	<b>137.46</b>	<b>2.49%</b>	<b>173.01</b>	<b>2.28%</b>	<b>207.24</b>	<b>2.17%</b>	<b>222.72</b>	<b>1.98%</b>

## **Nine months ended December 31, 2020 compared to nine months period ended December 31, 2019**

### ***Total Revenue***

Our total revenue for the nine months ended December 31, 2020 was ₹ 5,510.86 Lakhs as compared to ₹ 7,574.48 Lakhs for the nine months ended December 31, 2019, representing a decrease of 27.24%. Total revenue comprises of:

### ***Revenue from Operations***

Our revenue from operations for the nine months ended December 31, 2020 was ₹ 5,504.14 Lakhs as compared to ₹ 7,568.21 Lakhs for the nine months ended December 31, 2019, representing a decrease of 27.27%. The revenue from operations decreased due to Covid-19 pandemic affecting the sales of the products.

### ***Other Income***

Other income for the nine months ended December 31, 2020 was ₹ 6.72 Lakhs as compared to ₹ 6.27 Lakhs for the nine months ended December 31, 2019, representing an increase of 7.18%. The increase in other income was primarily due to increase in interest income on lease deposit for the nine months ended December 31, 2020.

### ***Expenses***

Our total expenditure for the nine months ended December 31, 2020 was ₹ 5,302.39 Lakhs as compared to ₹ 7,308.58 Lakhs for the nine months ended December 31, 2019, representing a decrease of 27.45%. Total expenditure comprises of:

### ***Cost of Material Consumed***

The cost of material consumed for the nine months ended December 31, 2020 was ₹2,460.77 Lakhs as compared to ₹4,626.80 Lakhs for the for the nine months ended December 31, 2019, representing a decrease of 46.81%. The decrease was due to reduction in sales of the company which in turn reduced the consumption of raw material and lower raw material price during nine month period ended on December 31, 2020.

### ***Purchase of stock in trade***

The purchase of stock in trade for the nine months ended December 31, 2020 was ₹ 920.53 Lakhs as compared to ₹ 1,039.02 Lakhs for the nine months ended December 31, 2019, representing a decrease of 11.40%. The decrease was due to decrease in trading of goods due to Covid-19 pandemic.

### ***Changes in inventories of finished goods, stock-in-trade and work in progress***

The changes inventories of finished goods, stock-in-trade and work in progress for the nine months ended December 31, 2020 was ₹ 522.24 Lakhs as compared to (₹238.76) Lakhs for the nine months ended December 31, 2019. The change was due to decrease in sales company reduced its production and hence closing inventory of *finished goods, stock-in-trade and work in progress reduced*.

### ***Employee benefit expenses***

Employee benefit expense for the nine months ended December 31, 2020 was ₹ 344.58 Lakhs as compared to ₹ 344.30 Lakhs for the nine months ended December 31, 2019, representing an increase of 0.08%. The increase in employee benefit expense was not material.

### ***Finance costs***

Finance cost for the nine months ended December 31, 2020 was ₹ 75.18 Lakhs as compared to ₹ 114.39 Lakhs for the nine months ended December 31, 2019, representing a decrease of 34.28%. The decrease in finance cost was due

to decrease in interest payment to trade payables due to decrease in purchase of raw material which in turn reduced outstanding balance of creditors.

#### *Depreciation and amortization expense*

Depreciation and amortization expense for the nine months ended December 31, 2020 was ₹ 61.31 Lakhs as compared to ₹ 62.55 Lakhs for the nine months ended December 31, 2019, representing a decrease of 1.98%. The decrease was due to assumption of 5% residual value of total asset value and hence depreciation calculated on balance value of asset for the nine months ended December 31, 2020.

#### *Other expenses*

Other expenses for the nine months ended December 31, 2020 was ₹ 917.78 Lakhs as compared to ₹ 1,360.28 Lakhs for the nine months ended December 31, 2019, representing a decrease of 32.53%. The decrease was due to reduction in direct expense as production of the company reduced due to Covid-19 pandemic.

#### *Profit before Tax*

The profit/(loss) before tax for the nine months ended December 31, 2020 was ₹ 208.47 Lakhs as compared to ₹265.90 Lakhs for the nine months ended December 31, 2019, representing a decrease of 21.60%. The decrease in profit was due to decrease in sale of the company.

#### *Tax expense*

Total tax expense for the nine months ended December 31, 2020 was ₹ 71.01 Lakhs as compared to ₹ 92.89 Lakhs for the nine months ended December 31, 2019, representing a decrease of 23.55%. The decrease was due to decrease in profit of the company.

#### **Profit/(Loss) after tax**

The profit/(loss) after tax for the nine months ended December 31, 2020 was ₹ 137.46 Lakhs as compared to ₹173.01 Lakhs for the nine months ended December 31, 2019, representing a decrease of 20.55%. This decrease was due to decrease in sale of the company due to Covid-19 pandemic.

#### **Fiscal 2020 compared to Fiscal 2019**

##### ***Total Revenue***

Our total revenue for the Fiscal 2019-20 was ₹9,552.95 Lakhs as compared to ₹11,270.70 Lakhs for the Fiscal 2019, representing a decrease of 15.24%. Total revenue comprises of:

##### ***Revenue from Operations***

Our revenue from operations for the Fiscal 2020 was ₹9,531.36 Lakhs as compared to ₹11,235.36 Lakhs for the Fiscal 2019, representing a decrease of 15.17%. This decrease was primarily due to extended monsoon in Maharashtra which is principal are of company's operation and due Covid-19 pandemic affecting sales for the month of February and March of Fiscal 2020.

##### ***Other income***

Other income for the Fiscal 2020 was ₹21.59 Lakhs as compared to ₹35.34 Lakhs for the Fiscal 2019, representing a decrease of 38.91%. The decrease in other income was primarily due to reduction in interest charged on delayed payment by customer as a result of amended terms with customers and customers being regular in making payments.



## ***Expenses***

Our total expenditure for the Fiscal 2020 was ₹ 9,246.25 Lakhs as compared to ₹ 10,965.43 Lakhs for the Fiscal 2019, representing a decrease of 15.68%. Total expenditure comprises of:

### ***Cost of Material Consumed***

The Cost of Material Consumed for the Fiscal 2020 was ₹5,544.71 Lakhs as compared to ₹6,611.69 Lakhs for the Fiscal 2019, representing a decrease of 16.14%. This decrease was due to decrease in production month of February and March of Fiscal 2020 which resulted in lower consumption of raw material.

### ***Purchase of stock in trade***

The purchase of stock in trade for the Fiscal 2020 was ₹1,245.46 Lakhs as compared to ₹1,970.99 Lakhs for the Fiscal 2019, representing a decrease of 36.81%. This decrease was due to decrease in trading activity due to lower demand and easy availability of material.

### ***Changes in Inventories of finished goods, stock-in-trade and work in progress***

The changes inventories of finished goods, stock-in-trade and work in progress for the Fiscal 2020 were (₹17.63) Lakhs as compared to (₹46.97) for the Fiscal 2019, primarily due to decrease in production month of February and March of Fiscal 2020 which resulted in lower inventory in Fiscal 2020.

### ***Employee benefit expenses***

Employee benefit expense for the Fiscal 2020 was ₹487.88 Lakhs as compared to ₹390.57 Lakhs for the Fiscal 2019, representing an increase of 24.91%. This was due to increase in sales marketing team personal in Fiscal 2020.

### ***Finance cost***

Finance cost for the Fiscal 2020 was ₹149.49 Lakhs as compared to ₹169.76 Lakhs for the Fiscal 2019, representing a decrease of 11.94%. The decrease in finance cost is due to decrease in interest payment to trade payables due to decrease in purchase of raw material which in turn reduced outstanding balance of creditors.

### ***Depreciation and Amortization Expense***

Depreciation and amortization expense for the Fiscal 2020 was ₹60.31 Lakhs as compared to ₹72.68 Lakhs for the Fiscal 2019, representing a decrease of 17.02%. The decrease is due to The decrease was due to assumption of 5% residual value of total asset value and hence depreciation calculated on balance value of asset from Fiscal 2020.

### ***Other expenses***

Other expenses for the Fiscal 2020 were ₹1,776.03 Lakhs as compared to ₹1,796.71 Lakhs for the Fiscal 2019, representing a decrease of 1.15%. The decrease was mainly due to decrease in direct expense as a result of lower sale and production of the company.

### ***Profit/Loss before Tax***

The profit/(loss) before tax for the Fiscal 2020 of ₹306.70 Lakhs as compared to ₹305.27 Lakhs for the Fiscal 2019, representing a decrease of 0.47%. The decrease in profit was due to lower sales in the Fiscal 2020 as explained above.

### ***Taxation***

Total tax expense for the Fiscal 2020 was ₹99.46 Lakhs as compared to ₹82.55 Lakhs for the Fiscal 2019, representing an increase of 20.48%. The increase was due to increase in standalone profit of the company based on which provision of taxation has been made.

#### *Profit/(Loss) after tax*

The profit/(loss) after tax for the Fiscal 2020 was ₹ 207.24 Lakhs as compared to ₹222.72 Lakhs for the Fiscal 2019, representing a decrease of 6.95%. The decrease was due to reasons explained above

#### **Related Party Transactions**

For details, see the chapter titled “*Financial Statements*” beginning on page 87.

#### **Significant developments after March 31, 2020 that may affect our future results of operations**

Other than as disclosed in this Draft Letter of Offer, there have been no significant developments after March 31, 2020 that may affect our future results of operations. For further information, see the chapter titled “*Material Developments*” on page 136.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND DEFAULTS

*Except as disclosed herein below, there is no outstanding litigation involving our Company and/or our Subsidiary with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiary, (ii) material violations of statutory regulations by our Company and/or our Subsidiary, (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiary and (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our Company and/or our Subsidiary's operations or financial position.*

*In terms of our Company's "Policy for Determination of Materiality of Event or Information" framed in accordance with Regulation 30 of the SEBI Listing Regulations ("Materiality Policy"), there is no outstanding litigation that has been disclosed to the Stock Exchange and accordingly, there is no such material outstanding litigation involving our Company and/or our Subsidiary that requires disclosure in this Draft Letter of Offer.*

*It is clarified that for the purposes of the above, pre-litigation notices received by our Company and/or our Subsidiary from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as material until such time that our Company and/or our Subsidiary, is impleaded as a defendant in litigation proceedings before any judicial forum*

*All terms defined in a particular litigation disclosure below are for that particular litigation only.*

#### **I. Litigations involving our Company**

- a) Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the Company.**

Nil

- b) Proceedings involving issues of moral turpitude or criminal liability on the part of the Company**

Nil

- c) Proceedings involving material violations of statutory regulations by our Company**

- i. Special Civil Application No. 8122 of 2016 filed by the Company against the Ministry of Labour and Employment and Others**

The Company received a show cause notice dated March 13, 2014 for belated remittance under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 for belated made thereunder during the period November 1, 1998 to January 31, 2014. The Company responded vide letter April 23, 2014 seeking relief as it had been declared as a sick company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and the Board of Industrial and Financial Reconstruction had approved the debt rehabilitation scheme vide its order dated August 31, 2015 in which the Company sought for waiver of penal interest, simple interest, compound interest, damages on liability of the Company. The provident fund authorities were parties in the proceedings before the BIFR and had not objected to the debt rehabilitation scheme sanctioned by the BIFR. The provident fund authorities passed an order dated September 22, 2015 stating that there is no legal provision for any authority to waive/reduce/give any directions with respect to provident fund dues and that the Central Board of Trustees can exercise their discretionary power as to assessment of damages only once belated payments have been made and damages are assessed and quantified after giving a reasonable opportunity of being heard to the employer. Under the said order dated September 22, 2015, provident fund authorities assessed the damages to be worth ₹4,46,345/- and interest levied was ₹ 6,57,090/- and the Company was asked to deposit the same. The Company vide letter dated October 25, 2015 addressed to the Regional Provident Fund Commissioner reiterated that it had sought waiver of interest and damages under the aforementioned debt rehabilitation scheme. Despite the same, the provident fund authorities issued a notice of demand to the Company on April 25, 2016 to pay ₹11,31,463/-. Consequently, the Company filed a Special Civil Application No.8122 of 2016 in the Hon'ble High Court of Gujarat praying for quashing of order dated September 22,2015 and seeking a stay on the notice of

demand dated April 25, 2016. The Hon'ble High Court of Gujarat passed an order dated May 18, 2016 under which it observed that the Company had made submissions stating that it was required to pay old statutory liability amounting to ₹3,36,000/- and further granted a stay on the operation of the above order dated September 22, 2015. In and around March 2017, the Ministry of Labour filed its reply in the matter inter-alia stating that (i) the proceedings under Employees Provident and Miscellaneous Provisions Act, 1952 do not come under Section 22 of the Sick Industrial Companies (Special Provisions) Act, 1985 in relation to suspension of legal proceedings; (ii) that Section 14B of the Employees Provident and Miscellaneous Provisions Act, 1952 provides the Central Board of Trustees the power of assess damages after providing reasonable opportunity of being heard and (iii) the summons issued by the provident fund authorities was to comply with statutory requirements and thereby refuted the submissions made by the Company in the Special Civil Application No.8122 of 2016. The Company filed its Affidavit-in-Rejoinder dated April 17, 2017 in the matter. The Hon'ble High Court of Gujarat passed another order dated August 2, 2017 confirming the ad-interim relief granted in order dated May 18, 2016. The matter is currently pending.

**d) Economic offences where proceedings have been initiated against our Company**

Nil

**e) Other select proceedings involving our Company which not are material in terms of the Materiality Policy**

**i. Appeal dated December 4, 2019 filed by the Company under Section 248 of the Income-tax Act, 1961 before the Commissioner of Income-tax, Appeals challenging the Order dated November 11, 2019 for the A.Y. 2018-19**

A reminder Notice dated September 30, 2019 was issued to the Company by the Joint Commissioner of Income-tax, Mehsana, Gujarat under Section 274 of the Income-tax Act, 1961 informing the Company that the income-tax authorities had received information that the Company has entered into a cash transaction of ₹14,61,623/- (Rupees Fourteen Lakhs Sixty One Thousand Six Hundred and Twenty Three Only), that the Company had violated provisions of Section 269ST of the Income-tax Act, 1961 and calling upon the Company to attend a hearing in respect of the same on October 9, 2019 to show cause as to why a penalty under Section 271DA of the Income-tax Act, 1961 should not be imposed on the Company. Further, a Notice of Demand dated November 11, 2019 was issued by the Assistant Commissioner of Income Tax, Mehsana Circle, Mehsana to the Company under Section 156 of the Income-tax Act, 1961 for A.Y. 2018-19 inter-alia directing the Company to pay a sum of ₹ 14,61,623/- (Rupees Fourteen Lakhs Sixty-One Thousand Six Hundred and Twenty-Three Only) failing which appropriate proceedings for levy of penalty and recovery of the amount would be taken against the Company in accordance with the provisions of the Income-tax Act, 1961. The Company filed an appeal dated December 4, 2019 under Section 248 of the Income-tax Act, 1961 before the Commissioner of Income-tax, Appeals inter-alia challenging the Order dated November 11, 2019 bearing no. PNL/F/271DA/2019-20/1020196683(1). Thereafter, a notice to attach bank account dated January 29, 2020 was issued under Section 226(3) of the Income-tax Act, 1961 by the Assistant Commissioner of Income Tax, Circle Mehsana to the Company calling upon the Company to pay a sum of ₹ 14,61,623/- (Rupees Fourteen Lakhs Sixty One Thousand Six Hundred and Twenty Three Only) towards tax due in respect of A.Y. 2016-17 and A.Y. 2018-2019 and also stating that if the Company failed to make such payment, then proceedings would be taken against the Company to recover the amount as if it were an arrear of tax in accordance with Section 222 to 225 of the Income-tax Act, 1961 which would have the same effect as attachment of debt. Subsequently, the Company filed its reply dated February 5, 2020 to the above notice dated January 29, 2020 with the Assistant. Commissioner of Income Tax inter-alia stating that the demand of ₹14,61,623/- was raised for A.Y. 2018-19 and not for A.Y. 2016-17. The Company also stated that it has filed an appeal with the Commissioner of Income-tax, Appeals against the penalty order for A.Y. 2018-19 and the same is admitted and pending. Further, the Company stated that it had already paid an amount of ₹ 2,92,328/- being 20% of the disputed demand. The Company also requested that that the remaining part of the demand may be kept in abeyance till the appeal is disposed-off and the attachment of Company's bank account under Section 226(3) be revoked. This matter is currently pending. The Company has filed an application dated January 13, 2021 under the Vivad Se Vishwas Scheme, 2020 for settlement of the above matter and also paid an amount of ₹ 73,077/- as per the

demand raised by the income-tax authorities under Form No.3 of the Direct Tax Vivad Se Vishwas Act, 2020. The final order is pending.

**II. Litigations involving our Subsidiary**

Nil

## **GOVERNMENT AND OTHER STATUTORY APPROVALS**

Our Company requires various consents, licenses, permissions and approvals from various central and state authorities under various rules and regulations for carrying on its present business activities. We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. Such consents, licenses, permissions and approvals may be required to be renewed periodically and applications for the same are made at the appropriate stage. Further, our Company is in the process of setting-up the Proposed Expansion as mentioned in the section “Objects of the Issue”. The approvals for setting-up such Proposed Expansion are being obtained in a stage-wise manner depending upon the status of development of the said facility. As on the date of this Draft Letter of Offer, there are no material pending government approvals that are required for the Objects of the Issue at its present stage. However, the material approval which is necessary for the Objects of the Issue but which the Company is required to obtain in future, has been disclosed herein.

### **A. Applications yet to be made by the Company**

- The Company will make an application for obtaining factory license for the factory of the Company proposed to be set-up at Survey No.553, 528, 589, 590, 591 and 593, P-2, Prime Industrial and Logistic Hubs, Vadala Road, Village Hariyala, District Kheda at the relevant time, as required.

### **B. Applications made by the Company - Nil**



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

This Issue has been authorized by the resolution passed by our Board at its meeting held on May 8, 2021 pursuant to Section 62 of the Companies Act.

The Board of Directors or Finance and Investment Committee of Directors of our Company has, at its meeting held on [●], determined the Issue Price as ₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) in consultation with the Lead Manager, and the Rights Entitlements as [●] Rights Equity Share(s) for every [●] fully paid up Equity Share(s) held on the Record Date.

On Application, Investors will have to pay ₹[●] per Rights Equity Share, which constitutes ₹[●]% of the Issue Price and the balance ₹[●] per Rights Equity Share which constitutes ₹[●]% of the Issue Price, will have to be paid, on the one or more subsequent Call(s), as determined by our Board at its sole discretion.

Our Company has received ‘in-principle’ approval from the BSE pursuant to Regulation 28 of SEBI Listing Regulations, *vide* its letter dated [●] for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make applications to BSE to obtain its trading approval 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 Eligible Equity Shareholders of our Company. For details, see “*Terms of the Issue*” beginning on page 157.

### Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoters, our Promoter Group or our Directors have not been 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.

The companies with which our Promoters or our Directors are associated as promoter or director have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our Promoters nor our Directors have been declared as Fugitive Economic Offenders.

### Association of our Directors with the securities market

None of our Directors are associated with the securities market.

### Prohibition by RBI

Neither our Company nor any of our Promoters or our Directors have been or are identified as Wilful Defaulters.

### Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Presently, the Equity Shares of our Company are listed on the BSE. Our Company is eligible to offer the 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.

### **Applicability of the SEBI ICDR Regulations**

The present Issue being of less than ₹5,000 Lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI, i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

### **Compliance clause (1) of 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 the SEBI ICDR Regulations, to the extent applicable, in terms of the disclosures made in this Draft Letter of Offer.

Further, our Company confirms that it is in compliance with the following:

- a) 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 BSE;
- b) the reports, statements and information referred to in sub-clause (a) above are available on the website of BSE; and
- c) 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 in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

### **Disclaimer Clause SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:**

[●]

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH

STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

### **Disclaimer from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made other than in this Draft Letter of Offer or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have been represented by our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, 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 this Issue.

### **Cautions**

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective 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 sell 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 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 this Issue will be subject to the jurisdiction of the appropriate court(s) in Ahmedabad, India only.

### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the BSE. As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer will be produced by our Company in the Letter of Offer.

### **Filing**

This Draft Letter of Offer has been filed with the BSE for seeking its in-principle approval for the listing of Rights Equity Shares issued pursuant to the Issue.

Further, in accordance with the SEBI ICDR Regulations, our Company shall file the copy of Letter of Offer with the Corporation Finance Department of SEBI, located at SEBI Bhavan, Western Regional Office, Panchavati Society, 1st Lane, Gulbai Tekra, Ahmedabad – 380 006, Gujarat, India and through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011, for the purpose of their information and dissemination on its website. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of the Letter of Offer to the e-mail address: [cfdil@sebi.gov.in](mailto:cfdil@sebi.gov.in).

### **Selling Restrictions**

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other

applicable Issue material (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are 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 such 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 such 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. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials. Further, the Letter of Offer will be provided through e-mail by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to Registrar and who make a request in this regard. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchange, and on R-WAP, subject to the applicable law.

Our Company shall also endeavor to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit this 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 the Issue Materials may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Issue Materials must be treated as sent for information only and should not be copied, redistributed or acted upon for subscription to Rights Equity Shares or the purchase of Rights Entitlements. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations or would subject the Company, Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If Issue Materials is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in Issue Materials. Envelopes containing an Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

Neither the delivery of the Issue Materials nor any sale or offer hereunder, shall under any circumstances create any implication that there has been no change in our Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer/ the Letter of Offer or date of such information.

**The contents of this Draft Letter of Offer, Letter of Offer and Abridged Letter of Offer should not be construed as business, legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager nor any of their respective affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or the Rights Entitlements 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 United States Securities Act, 1933, as amended (“**Securities Act**”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (“**United States**” or “**U.S.**”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“**Regulation S**”), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this Draft Letter of Offer/ the Letter of Offer are being offered in India and in jurisdictions where such offer and sale of the Rights Equity Shares and/ Or Rights Entitlements are permitted under laws of such jurisdictions, but not in the United States. The offering to which this Draft Letter of Offer, the Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, this Draft Letter of Offer, the Letter of Offer / Abridged Letter of Offer, Rights Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions 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 payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

**We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we 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 in respect of any such Application Form.**

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

**The Rights Entitlements and the Rights Equity Shares offered in the Issue have not been approved or recommended by the securities authority or other regulatory authority of any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.**

**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.**

### **Mechanism for Redressal of Investor Grievances**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the 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. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in).

Our Company has a Stakeholders’ Relationship Committee which meets at least once a year and as and when required. Its terms of reference inter-alia include considering and resolving grievances of shareholders in relation to transfer/ transmission of shares, non-receipt of annual report, issue of new/ duplicate certificates, effective exercise of voting rights etc. Link Intime India Private Limited is our Registrar and Share Transfer Agent. 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 15 days from the date of receipt of the complaint.

### **Investor Grievances arising out of the Issue**

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The agreement between the Company and the Registrar to the Issue provides for a period for which records shall be retained by the Registrar to the Issue in order to enable the Registrar to the Issue to redress grievances of Investors.

**Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process or R-WAP 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) or amount debited (in case of R-WAP 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), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see “Terms of the Issue” on page 157.**

Investors may contact the Registrar to the Issue at:

#### **Link Intime India Private Limited**

C 101, 1st Floor, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai - 400083, Maharashtra, India.

**Telephone:** + 91-22-4918 6200

**Email:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Investor Grievance Email:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)

**Contact Person:** Sumeet Deshpande

**SEBI Registration Number:** INR000004058CIN: U67190MH1999PTC118368

Investors may contact the Company Secretary and Compliance Officer and/or Registrar to the Issue in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/demat credit/refund orders etc. The contact details of the Company Secretary and Compliance Officer are as follows:

#### **Ms. Shweta Sultania**

Block No. 2106, Santej-Khatraj Road,  
Nr. Gayatri Farm House, Village - Santej, Taluka - Kalol (N.G.),  
District - Gandhinagar- 382721, Gujarat, India

**Telephone:** +91- 8980026110 / 8980026220

**E-mail:** [finance@geotexelin.com](mailto:finance@geotexelin.com)

**Website:** [www.geotexelin.com](http://www.geotexelin.com)



## 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 Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are 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 section.*

*Investors are requested to note that application in this Issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA is onetime relaxation made available by SEBI in view of the COVID-19 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at [www.linkintime.co.in](http://www.linkintime.co.in).*

#### 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 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 Exchange and the terms and conditions as stipulated in the Allotment advice.

#### Important:

##### 1. 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, the 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 the 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:

- a) our Company at [www.geotexelin.com](http://www.geotexelin.com);
- b) the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in);
- c) the Lead Manager at [www.vivro.net](http://www.vivro.net);

- d) the Stock Exchange at [www.bseindia.com](http://www.bseindia.com); and
- e) the Registrar's web-based application platform at [www.linkintime.co.in](http://www.linkintime.co.in) ("R-WAP").

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., [www.linkintime.co.in](http://www.linkintime.co.in)) 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 (i.e., [www.geotexelin.com](http://www.geotexelin.com)).

Further, our Company along with the Lead Manager 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. In light of the current COVID-19 situation Our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue Material, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the 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 transit.

## 2. Facilities for Application in this Issue:

**In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and subject to the conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 and SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 (together "ASBA Circulars"), all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue i.e. R-WAP, Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP. For details, see "Procedure for Application through the ASBA Process" and "Procedure for Application through the R-WAP" on page 170.**

- a. **ASBA facility:** Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see "Procedure for Application through the ASBA Process" on page 170.

Please note that subject to SCSBs complying with the requirements of SEBI Circular 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 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 SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). 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.

For details, see "Terms of the Issue - Procedure for Application through the ASBA Process" on page 170.

- b. **Registrar's Web-based Application Platform (R-WAP):** In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at [www.linkintime.co.in](http://www.linkintime.co.in)), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online

Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

**PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTOR - THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY POSE RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS.” ON PAGE 36.**

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions or call helpline number (+91 22 4918 6200). For details, see “*Procedure for Application through the R-WAP*” on page 170.

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 SCSB) and R-WAP. 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 181. Our Company, the Lead Manager, 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 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 “*Application on Plain Paper under ASBA process*”.

### **3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**

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 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 opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) 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 (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

Eligible Equity Shareholders, whose Rights Entitlements are credited in demat suspense escrow account opened by our Company, 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 the 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 is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer.

#### **Other important links and helpline:**

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: [www.linkintime.co.in](http://www.linkintime.co.in)
- Updation of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar or our Company: [www.linkintime.co.in](http://www.linkintime.co.in)
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: [www.linkintime.co.in](http://www.linkintime.co.in)
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)

## **Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

## **Basis for this 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.

## **Rights Entitlements (ISIN: [●])**

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 Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form to all 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 Entitlements 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, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, [www.linkintime.co.in](http://www.linkintime.co.in)) 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 (*i.e.*, [www.geotexelin.com](http://www.geotexelin.com)).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. 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.*, [www.linkintime.co.in](http://www.linkintime.co.in)). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

**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 applicable Issue materials (“Issue Materials”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address 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 such 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 such 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. For further details, see “*Notice to Investors*” on page 14.

## **Principal Terms of this Issue**

### **Face Value**

Each Rights Equity Share will have the face value of ₹ 10.

### **Issue Price**

The Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) in this Issue. On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, in one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager 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 [●] Rights Equity Share(s) for every [●] Equity Share(s) held by the Eligible Equity Shareholders as on the Record Date.

### **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 Exchange or through an off-market transfer. For details, see “*Terms of the Issue - Procedure for Renunciation of Rights Entitlements*” on page 172.

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.

### ***Credit of Rights Entitlements in dematerialised account***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights 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 opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing

Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) 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 (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the 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 shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

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 the 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 the Company or the Registrar account is active to facilitate the aforementioned transfer.

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 Exchange 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.

**PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, *PER SE*, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE “TERMS OF THE ISSUE - PROCEDURE FOR APPLICATION” ON PAGE 168.**

### ***Trading of the Rights Entitlements***

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchange under ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. Investors shall be able to trade/ transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchange on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be 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). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. 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. For details, see “*Terms of the Issue - Procedure for Renunciation of Rights Entitlements – On Market Renunciation*” and “*Terms of the Issue - Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*” on page 173. Once the Rights

Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, see “*Terms of the Issue - Procedure for Application*” on page 168.

**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.**

### **Payment Schedule of Rights Equity Shares**

The Issue Price of ₹ [●] per Rights Equity Share (including premium of ₹ [●] per Rights Equity Share) shall be payable as follows:

<b>Amount Payable per Rights Equity Share</b>	<b>Face Value (₹)</b>	<b>Premium (₹)</b>	<b>Total (₹)</b>
On Application	[●]	[●]	[●] <sup>(1)</sup>
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time.	[●]	[●]	[●] <sup>(2)</sup>
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

(1) Constitutes [●]% of the Issue Price

(2) Constitutes [●]% of the Issue Price

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/ blocked shall be refunded/ unblocked. The un-blocking 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.

### **Record date for Calls 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 Exchange for the purpose of determining the list of holders of the Rights Equity Shares to whom the notice for the Call(s) would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the calls have been made may be suspended prior to the Call Record Date.

### **Procedure for Calls for Rights Equity Shares**

Our Company would convene a meeting of the Board of Directors to pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchange. 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 Calls shall be deemed to have been made at the time when the resolution authorising such Call(s) are passed at the meeting of our Board. The Calls 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 14 days’ notice for the payment of the Calls. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, 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 Calls 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 calls 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 SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call(s), 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.

## **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.

## **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share and will also be given a preferential consideration for the Allotment of [●] additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

## **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, 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 issued 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 Exchange and the terms and conditions as stipulated in the Allotment advice. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company. The Rights Equity Shares Allotted under this Issue shall, upon being fully paid up, 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 Exchange. 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-principle approval from the BSE 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, from the Call Record Date, 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 for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 526638) under the ISIN - INE594V01028. 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 Exchange. 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 Exchange, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within 4 (four) days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within 4 (Four) 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 in the Issue by the Promoters and Promoter Group*” on page 48.

### **Compliance with the SEBI ICDR Regulations**

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **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.**

## **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.

### **Restrictions on transfer and transmission of shares and on their consolidation/splitting**

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository.

### **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 e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the 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 Ahmedabad, 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.

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange 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 at [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in). 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 the Lead Manager 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 the 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, the Lead Manager and the Stock Exchange. 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 and the Lead Manager.

**Please note that only resident Investors can submit an Application using the R-WAP.**

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 to obtain prior approval from RBI for applying in this Issue.

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. at [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in).

## **Procedure for Application**

### **How to Apply**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP.**

For details of procedure for application by the Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “*Terms of the Issue - Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 177.

**The Lead Manager, 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.**

### **Application Form**

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent/ dispatched 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 Entitlements 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.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent/ dispatched at least three days before the Issue Opening Date. The Renouncees and Eligible Equity Shareholders who have not received the Application Form can download the same from the website of the Registrar, our Company, the Lead Manager or Stock Exchange.

In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and other applicable Issue materials shall be sent through email to email address if they have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements 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. Our Company shall also endeavour to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company.

**Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for 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 email 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 or there is a delay in physical delivery (where applicable).**

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit [www.linkintime.co.in](http://www.linkintime.co.in). Investors can access the Letter of Offer,

the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholders eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- a) our Company at [www.geotexelin.com](http://www.geotexelin.com);
- b) the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in);
- c) the Lead Manager, at [www.vivro.net](http://www.vivro.net);
- d) the Stock Exchange at [www.bseindia.com](http://www.bseindia.com); and
- e) the R-WAP at [www.linkintime.co.in](http://www.linkintime.co.in).

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (in case of resident 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 (*i.e.* [www.geotexelin.com](http://www.geotexelin.com)).

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 Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the 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 Rights 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 accept this Issue and apply for the Rights Equity Shares (i) by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. **Please note that Applications made with payment using third party bank accounts are liable to be rejected.**

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) 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 SCSB or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

**Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Terms of the Issue-Grounds for Technical Rejection” on page 181. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any 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 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 - Application on Plain Paper under ASBA process” on page 173.

#### **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:

- a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- c) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- d) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- e) renounce its Rights Entitlements in full.

## **PROCEDURE FOR 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 an SCSB, 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 SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB 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 authorisation to the SCSB, *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.

### ***Self-Certified Syndicate Banks***

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, 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, refer the above-mentioned link.

**Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.**

The Company, its directors, employees, affiliates, associates and their respective directors and officers, the Lead Manager 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.

## **PROCEDURE FOR APPLICATION THROUGH THE R-WAP**

**Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be posed to risks, including risks associated with payment gateways” on page 36.**

Set out below is the procedure followed using the R-WAP:

Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have



sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Rights Issue Circulars.

- a) Resident Investors should visit R-WAP (accessible at [www.linkintime.co.in](http://www.linkintime.co.in)) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- b) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- c) Only resident Investors are eligible to apply in this Issue through R-WAP.
- d) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- e) The Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- f) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.
- g) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021.
- h) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. **Applications made using payment from third party bank accounts will be rejected.**
- i) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- j) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

### Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filing online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

**Applications submitted to anyone other than the Designated Branches of the SCSB or using the R-WAP are liable to be rejected.**

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the heading “*Terms of the Issue - Application on Plain Paper under ASBA process*” on page 173.

### **Additional Rights Equity Shares**

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the heading “*Terms of the Issue - Basis of Allotment*” on page 185.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.**

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. 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 Rights Equity Shares while submitting the Application through ASBA process or using the R-WAP.

### **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 Exchange; 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. The Lead Manager and 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.

The Lead Manager and 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.

### *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 Exchange 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 Exchange under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange 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 sell. 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 under automatic order matching mechanism and on 'T+2 rolling settlement basis', 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 Exchange 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.

### **Application on Plain Paper under ASBA process**

An Eligible Equity Shareholder 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 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. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for

authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. **Applications on plain paper will not be accepted from any address outside India.**

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements.

**PLEASE NOTE THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.**

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 SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Texel Industries 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 SCSB;
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 SCSB 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 SCSB 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 SCSB); and
16. In addition, 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 United States Securities Act of 1933, as amended (the “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 Securities Act. 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, the Lead Manager 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, the Lead Manager 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 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 (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/ We acknowledge that the Company, the Lead Manager, 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, the Lead Manager 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.linkintime.co.in](http://www.linkintime.co.in).

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

### **Mode of payment**

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

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 SCSB to block an amount, equivalent to the Application Money, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB 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 sub-section (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 SCSB.

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.

The SCSB 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 SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

#### *Mode of payment for Resident Investors*

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. 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. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

*Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company and if they 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. The Letter of Offer will be provided by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses 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.*

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

#### **Notes:**

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.
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.

For details of mode of payment in case of Application through R-WAP, see “*Terms of the Issue - Procedure for Application through the R-WAP*” on page 170.

### **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 our Company, Eligible Equity Shareholders should visit [www.linkintime.co.in](http://www.linkintime.co.in).

### **Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form**

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 Eligible Equity Shareholders can access the Application Form from:
  - R-WAP the website of the Registrar ([www.linkintime.co.in](http://www.linkintime.co.in));
  - our Company ([www.geotexelin.com](http://www.geotexelin.com));
  - the Lead Manager (at [www.vivro.net](http://www.vivro.net))
  - the Stock Exchange (at [www.bseindia.com](http://www.bseindia.com)).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, [www.linkintime.co.in](http://www.linkintime.co.in)) 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 (*i.e.*, [www.geotexelin.com](http://www.geotexelin.com));

- d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to



the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

**PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

#### **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 “TERMS OF THE ISSUE - ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 186.**

#### **General instructions for Investors**

- a) Please read the 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.
- c) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- d) Application should be made only through the ASBA facility or using R-WAP.
- e) 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 the 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.
- f) 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 - Application on Plain Paper under ASBA process*” on page 173.
- g) 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 or the optional mechanism instituted only for resident Investors in this Issue, i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- i) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- j) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. 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 Exchange, and (ii) the R-WAP facility will be available until 5.00 pm (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

- k) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
- l) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- m) 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.**
- n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- o) For physical Applications through ASBA at Designated Branches of SCSB, 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 SCSB.
- p) 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 SCSB. 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.
- q) All communication in connection with Application for the Rights Equity Shares, including any change in address 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 numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address 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.
- r) Only persons (i) in the United States who are U.S. QIBs and (b) outside the United States located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.
- s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- t) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making

application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

- u) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- v) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

***Do's:***

- a) Ensure that the Application Form and necessary details are filled in.
- b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- c) 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.
- d) Investors should provide correct DP ID and client ID/ folio number 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, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

***Don'ts:***

- a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- e) Do not submit multiple Applications.

***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 SCSB.
- d) Ensure that you have authorised the SCSB 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 an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

- f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB 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.

*Do's for Investors applying through R-WAP:*

- a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- b) 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 the bank account through which payment is made using the R-WAP.
- c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment
- d) Ensure that you receive a confirmation email on successful transfer of funds.
- e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

*Don'ts for Investors applying through ASBA:*

Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), and a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

*Don'ts for Investors applying through R-WAP:*

- a) Do not apply from bank account of third parties.
- b) Do not apply if you are a non-resident Investor.
- c) Do not apply from non-resident account.
- d) Do not apply from corporate account.

**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) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow

Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

- c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- e) Account holder not signing the Application or declaration mentioned therein.
- f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- h) 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).
- i) 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.
- j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- l) Physical Application Forms not duly signed by the sole or joint Investors.
- m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts.
- n) 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.
- o) Applications which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (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 in respect of any such Application Form.
- p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

- a) Applications by non-resident Investors.
- b) Payment from third party bank accounts.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove

**Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue**

**IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

**Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number 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. Hence, 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.

By signing the Application Forms, the 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.

**The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email 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 Rights 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 or the Lead Manager 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) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

### **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. For details, see "*Terms of the Issue - Procedure for Applications by Mutual Funds*" on page 190.

In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of Promoter Group for subscribing any unsubscribed portion of this Issue as described in "*Capital Structure - Intention and extent of participation in the Issue by the Promoters and Promoter Group*" on page 48.

### **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 SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, 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 the 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 185.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

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.

### **Withdrawal of Application**

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in) in case Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

### **Issue Schedule**

<b>LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS</b>	<b>[●]</b>
<b>ISSUE OPENING DATE</b>	<b>[●]</b>
<b>LAST DATE FOR ON MARKET RENUNCIATION*</b>	<b>[●]</b>
<b>ISSUE CLOSING DATE<sup>#</sup></b>	<b>[●]</b>
<b>FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)</b>	<b>[●]</b>
<b>DATE OF ALLOTMENT (ON OR ABOUT)</b>	<b>[●]</b>
<b>DATE OF CREDIT (ON OR ABOUT)</b>	<b>[●]</b>
<b>DATE OF LISTING (ON OR ABOUT)</b>	<b>[●]</b>

\* 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.

<sup>#</sup>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.



For details, see “*General Information - Issue Schedule*” on page 43.

### **Basis of Allotment**

Subject to the provisions contained in this Draft Letter of Offer, 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 (a) 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 our 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.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

### **Allotment Advice or Refund/ Unblocking of ASBA Accounts**

Our Company will send/ dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account or 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 shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

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 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.

### **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. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below:

- 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 centres 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.
- h) In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the RWAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

**In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.**

#### ***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.

#### **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 February 7, 2018 with NSDL and an agreement dated November 28, 2018 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 EXCHANGE 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.

## **Procedure for Applications by FPIs**

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will

also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which maybe specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

#### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

#### **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. Vide special resolution passed by way of postal ballot on October 30, 2020, the Equity Shareholders of the Company, have approved the overall

increase in limit of holding from 10% to 24% on repatriation basis in the Company by Non-resident Indians and Overseas Citizen of India.

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.

### **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 ₹ 1million 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 ₹ 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.

### **Payment by stock invest**

In terms of the 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.

### **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 and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

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 ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. 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.

### **Utilisation 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 the 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.

### **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 Exchange 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 15 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 and record all Applications made under the R-WAP process.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

### **Important**

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.



All enquiries in connection with the 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 “*Texel Industries Limited – Rights Issue*” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

**Link Intime India Private Limited**

C-101, 247 Park, LBS Marg,  
Surya Nagar, Gandhi Nagar,  
Vikhroli West, Mumbai – 400 083  
Maharashtra, India.

**Telephone:** +91-22-49186200

**E-mail:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)

**Investor grievance E-mail:** [texel.rights@linkintime.co.in](mailto:texel.rights@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact Person:** Sumeet Deshpande

**SEBI Registration No.:** INR000004058

**CIN:** U67190MH1999PTC118368

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 ([www.linkintime.co.in](http://www.linkintime.co.in)). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4918 6200.

This Issue will remain open for a minimum 15 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**

The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (“**DPIIT**”) makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA. The DPIIT also issues the Consolidated Foreign Direct Investment Policy (“**FDI Policy**”) from time to time. The regulatory framework pertaining to foreign investment, over a period of time, thus, consists of acts, regulations, master circulars, press notes, press releases, and clarifications among other amendments.

India’s current FDI Policy issued by the DPIIT with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT till October 15, 2020. In terms of the FDI Policy, Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments.

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 falls 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 nonresident 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. As per Regulation 7 of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the RBI has given general permission to Indian companies to issue securities on rights basis to non-resident shareholders including additional securities under the rights issue. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, as amended, issued by the RBI, non-residents may, inter alia, (i) subscribe for additional securities over and above their rights entitlement; (ii) renounce the securities offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the securities renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of

refund of Application Money, Allotment of Rights Equity Shares and issue of Allotment advice. If an NR or NRI Investor has specific approval from the RBI, in connection with their shareholding, they should enclose a copy of such approval with the Application. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares.

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. The above information is given for the benefit of the Investors. Our Company is 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 Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## 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 before 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 contracts and also the documents for inspection referred to hereunder, will be available for inspection at our Registered Office between 10.00 a.m. and 5.00 p.m. from the date of the Letter of Offer until the Issue Closing Date.

#### A. Material contracts for inspection:

1. Issue agreement dated June 19, 2021 between our Company and Vivro Financial Services Private Limited;
2. Registrar Agreement dated June 19, 2021 between our Company and Link Intime India Private Limited;
3. Bankers to the Issue Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

#### B. Material documents for inspection:

1. Certified true copy of the Memorandum of Association and Articles of Association of our Company, as amended;
2. Certificate of Incorporation dated August 2, 1989 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli;
3. Fresh Certificate of Incorporation dated April 13, 1992 consequent upon conversion into public company issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli;
4. Fresh Certificate of Incorporation dated January 31, 1996 consequent upon change of name issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli;
5. Tripartite agreement dated June 12, 2016 between our Company, CDSL and Link Intime India Private Limited;
6. Tripartite agreement dated July 3, 2019 between our Company, NSDL and Link Intime India Private Limited;
7. Resolution of the Board of Directors passed in its meeting dated May 8, 2021 approving this Issue;
8. Consents of our Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Lead Manager, Legal Advisor to the Issue, the Registrar to the Issue, Bankers to our Company to include their names in this Draft Letter of Offer and to act in their respective capacities;
9. Consent dated May 17, 2021 from Dun & Bradstreet Information Services India Private Limited to use their name and all or any part of their report titled “*Geosynthetics Industry in India – May 2021*” in this Draft Letter of Offer.
10. Annual Reports of our Company for FY 2019-20, 2018-19, 2017-18, 2016-17 and 2015-16;
11. A Statement of special tax benefits dated June 18, 2021 received from M/s. Sunil Poddar & Company, Chartered Accountants, Statutory Auditors regarding special tax benefits available to our Company and its shareholders;
12. Audited standalone and consolidated financial statements for the FY 2019-20;
13. Limited review unaudited consolidated financial results for the nine months period ended December 31, 2020 along with auditors’ report thereon;

14. In-principle listing approval dated [●] from BSE.

*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 Equity Shareholders, subject to compliance with applicable law.*

## **DECLARATION**

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

**Kirit Mehta**

*(Chairman & Independent Director)*

**Date:** June 21, 2021

**Place:** Mumbai

## **DECLARATION**

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

**Shailesh Mehta**  
*(Managing Director)*

**Date:** June 21, 2021  
**Place:** Ahmedabad

## **DECLARATION**

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

**Naresh Mehta**  
*(Non-Executive Director)*

**Date:** June 21, 2021

**Place:** East Greenwich, USA



## **DECLARATION**

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

**Dr. Christy Fernandez**  
*(Independent Director)*

**Date:** June 21, 2021  
**Place:** Kochi

## **DECLARATION**

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

**Jasmin Nahidakhtar Vhora**  
*(Independent Director)*

**Date:** June 21, 2021

**Place:** Prantij, Gujarat

## **DECLARATION**

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### **SIGNED BY THE CHIEF FINANCIAL OFFICER**

**Vikram Patel**  
*(Chief Financial Officer)*

**Date:** June 21, 2021

**Place:** Ahmedabad