Draft Letter of Offer
Dated: October 15, 2022
For Eligible Shareholders only

THAMBBI MODERN SPINNING MILLS LIMITED

Thambbi Modern Spinning Mills Limited ("**Company**" or "**Issuer**") was originally incorporated as '*Thambi Modern Spinning Mills Private Limited'* on March 7, 1977 as a private limited company under the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu and consequently a certificate of incorporation dated March 7, 1977 was issued to our Company. Our Company became a deemed public company under Section 43A of the said Act on June 15, 1988 and subsequently, a full-fledged public limited company on March 11, 1994. Subsequently, the name of our Company was changed to '*Thambbi Modern Spinning Mills Limited*' and a fresh certificate of incorporation dated May 6, 1994 was issued by Registrar of Companies, Tamil Nadu at Coimbatore. There has not been any change in the registered office of our Company since incorporation.

Registered Office: Omalur Road, Jagir Ammapalayam, Salem – 636 302,Tamil Nadu, India;
Tel: +91 427 234 5425; **Fax:** N.A.
E-mail: tmsml@ymail.com; **Website:** www.thambbimodern.com;
Contact Person: Rajasekaran Ponnappan, Chief Financial Officer and Compliance Officer;
Corporate Identification Number: L17111TZ1977PLC000776

OUR PROMOTERS - RAMASAMY JAGADEESAN UDAYAR

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

WE HEREBY CONFIRM THAT NONE OF OUR PROMOTERS OR DIRECTORS IS A WILFUL DEFAULTER AS ON DATE OF THIS DRAFT LETTER OF OFFER

ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ 576.28 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 176 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire 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 Rights Equity Shares in the 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 the contents of this Draft Letter of Offer. Specific attention of the investors is invited to the section titled **"*Risk Factors*"** on page 21 of this Draft Letter of Offer.

OUR 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 regard to our Company and this 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 of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("**BSE**") (the "**Stock Exchange**"). Our Company has received 'in-principle' approvals from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated [●]. For the purpose of this Issue, the Designated Stock Exchange is BSE.

REGISTRAR TO THE ISSUE

CAMEO

CAMEO CORPORATE SERVICES LIMITED
Subramanian Building, No. 01, Club House Road,
Chennai- 600 002, Tamil Nadu, India.
Telephone: +91 44 4002 0700
Facsimile: N.A.
Email: priya@cameoindia.com
Website: www.cameoindia.com
Investor grievance e-mail: investor@cameoindia.com
Contact Person: K. Sreepriya
SEBI Registration No.: INR000003753
Validity of Registration: Permanent

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Draft Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

*Provided that terms used in the sections/ chapters titled **"Industry Overview", "Summary of this Draft Letter of Offer", "Restated Financial Statements", "Statement of Special Tax Benefits", "Outstanding Litigation and Material Developments" and "Issue Related Information"** on pages 57, 18, 84, 55, 165 and 176 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.*

Company Related Terms

Term	Description
"Company", "our Company", "the Company", "the Issuer" or "TMSML"	Thambbi Modern Spinning Mills Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Omalur Road, Jagir Ammapalayam, Salem – 636 302, Tamil Nadu, India.
"we", "us", or "our"	Unless the context otherwise indicates or implies, refers to our Company.
"Annual Audited Financial Statements	The audited financial statements of our Company prepared as per Ind AS for Fiscal 2022, Fiscal 2021 and Fiscal 2020, prepared in line with Ind AS notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
"Articles" / "Articles of Association" / "AoA"	Articles / Articles of Association of our Company, as amended from time to time.
"Audit Committee"	The committee of the Board of Directors constituted as our Company's audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**") and Section 177 of the Companies Act, 2013. For details, see **"*Our Management*"** on page 75 of this Draft Letter of Offer.
"Auditor" / "Statutory Auditor"	Statutory and peer review auditor of our Company, namely, M/s. ABNJ & CO., Chartered Accountants.
"Board" / "Board of Directors"	Board of directors of our Company or a duly constituted committee thereof.
"Chief Financial Officer and Compliance Officer / CFO"	Rajasekaran Ponnappan, the Chief Financial Officer and Compliance Officer of our Company.
"Company Secretary"	Mohan Uma Maheshwari, the Company Secretary of our Company.
"Corporate Social Responsibility Committee/ CSR Committee"	The committee of the Board of directors constituted as our Company's corporate social responsibility committee in accordance with Section 135 of the Companies Act, 2013. For details, see **"*Our Management*"** on page 75 of this Draft Letter of Offer.
"Director(s)"	The director(s) on the Board of our Company, unless otherwise specified.
"Equity Shareholder"	A holder of Equity Shares
"Equity Shares"	Equity shares of our Company of face value of ₹ 10/- each.
"Executive Directors"	Executive Directors of our Company.
"Independent Director(s)"	The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013.
"Key Management Personnel" / "KMP"	Key Management Personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled ***"Our***

Term	Description
	***Management – Key Managerial Personnel*"** on page 80 of this Draft Letter of Offer.
"Memorandum of Association" / "MoA"	Memorandum of Association of our Company, as amended from time to time.
"Nomination and Remuneration Committee"	The committee of the Board of directors reconstituted as our Company's Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see **"*Our Management*"** on page 75 of this Draft Letter of Offer.
"Non-Executive and Independent Director"	Non-Executive and Independent Directors of our Company, unless otherwise specified.
"Non-executive Directors"	Non-executive Directors of our Company.
"Promoter Group"	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations.
"Promoter"	Ramasamy Udayar Jagadeesan is the Promoter of our Company. For further details, see **"*Our Promoters*"** on page 81 of this Draft Letter of Offer.
"Registered Office"	The Registered Office of our Company located at Omalur Road, Jagir Ammapalayam, Salem – 636 302, Tamil Nadu, India.
"Registrar of Companies"/ "RoC"	Registrar of Companies, Tamil Nadu, Coimbatore having its office at No. 07, AGT Business Park, Phase II, 1st Floor, Civil Aerodrome Post, Avinashi Road, Coimbatore – 641 014, Tamil Nadu, India.
"Rights Issue Committee"	The committee of our Board constituted for purposes of the Issue and incidental matters thereof.
"Shareholders/ Equity Shareholders"	The Equity Shareholders of our Company, from time to time.
"Stakeholders' Relationship Committee"	The committee of the Board of Directors constituted as our Company's Stakeholders' Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, see **"*Our Management*"** on page 75 of this Draft Letter of Offer.
Materiality Policy	A policy adopted by our Company, in the Board meeting held on May 24, 2022 for identification of material creditors and litigation(s) for the purpose of disclosure of the same in this Draft Letter of Offer.
Restated Financial Statements	Restated financial statements of our Company for the Fiscals 2022, Fiscal 2021 and Fiscal 2020 prepared in accordance with the Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations. For details, see **"*Restated Financial Statements*"** on page 84 of this Draft Letter of Offer.
Restated Interim Condensed Financial Statements	Restated interim condensed financial statements of our Company for the three months period ended June 30, 2022, prepared in accordance with the Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations. For details, see **"*Restated Financial Statements*"** on page 84 of this Draft Letter of Offer.

Issue Related Terms

Term	Description
2009 ASBA Circular	The SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009
2011 ASBA Circular	The SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011
Abridged Letter of Offer	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Allot/Allotment/Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) 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 Advice	N, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.

Term	Description
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Investor.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application though 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 in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount/ASBA	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing a SCSB to block the Application Money in the ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue, i.e, [●].
Bankers to the Issue Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in **"*Terms of the Issue*"** on page 176.
Consolidated Certificate	The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form.
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs which coordinate Bids under the Issue with the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in.
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 SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited.
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.

Term	Description
Draft Letter of Offer / DLoF / DLOF	This draft letter of offer dated October 15, 2022 filed with the Stock Exchange.
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [●].
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date. Please note that the investors Eligible to participate in the Issue exclude certain overseas shareholders. For further details, see **"*Notice to Investors*"** on page 11.
Issue / Rights Issue	Issue of up to [●] Equity Shares of face value of ₹ 10/- each of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ 576.28 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ [●] per Rights Equity Share.
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Amount aggregating up to ₹ 576.28 lakhs
Letter of Offer/LOF	The final letter of offer dated [●] to be filed with the Stock Exchange and SEBI.
Net Proceeds	Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see **"*Objects of the Issue*"** on page 51 of this Draft Letter of Offer.
Non-Institutional Bidders or NIIs	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.
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, on or before [●], [●].
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date filed by the Company for the purpose of determining the Equity Shareholders who are eligible for the issue for Rights Equity Shares, being [●].
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●].
"Registrar to the Issue" / "Registrar"	Cameo Corporate Services Limited
Registrar Agreement	Agreement dated April 13, 2022 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s) who has/have acquired the Rights Entitlement from the Eligible Equity Shareholders on renunciation.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual	An individual Investor (including an HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹ 2,00,000/- .

Term	Description
Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s)	
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being [●] Rights Equity Shares for [●] Equity Shares held on [●], [●]. The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the website of our Company.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
Self-Certified Syndicate Banks" or "SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchange	Stock Exchange where the Equity Shares are presently listed, being BSE Limited.
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter and Fraudulent Borrower	A wilful defaulter or a fraudulent borrower, as defined under the SEBI ICDR Regulations
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. "Working Day" shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

Business and Industry related Terms or Abbreviations

Term	Description
CAGR	Compound Annual Growth Rate
EBITDA	Earnings Before Interest, Tax, Depreciation And Amortization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HFCs	Housing Finance Companies
IBEF	India Brand Equity Foundation
IMF	International Monetary Fund
IT	Information Technology
MIDC	Maharashtra Industrial Development Corporation
MoUs	Memorandum of Understanding
m.s.ft./ m.s.f.	Meter Square Feet

Term	Description
NASSCOM	The National Association Of Software and Services Companies
NRIs	Non Resident Indians
PAT	Profit After Tax
PBT	Profit Before Tax
Psf	Per Square Feet
REITs	Real Estate Investment Trusts
RBI	Reserve Bank Of India
ROCE	Return of Capital Employed
Sq. ft.	Square Feet

Conventional and General Terms or Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder
Companies Act 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
CSR	Corporate Social Responsibility
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995

Term	Description
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended from time to time
INR or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India.
ISIN	International Securities Identification Number
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
Mn / mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NSDL	National Securities Depository Limited
OCB	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. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, as amended
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended

Term	Description
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, since repealed and replaced by the SEBI (AIF) Regulations
SIPCOT	State Industries Promotion Corporation of Tamil Nadu
Securities Act	The United States Securities Act of 1933.
STT	Securities Transaction Tax
State Government	The Government of a state in India
Trademarks Act	Trademarks Act, 1999, as amended
TDS	Tax Deducted at Source
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

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

NOTICE TO INVESTORS

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

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

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

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

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF

EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

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

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

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

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

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**US SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / 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.

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.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Public Limited (Listed) Company under the laws of India and all the Directors and all Executive Officers are residents of India. It may not be possible or may be difficult for investors to affect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- The judgment has not been pronounced by a court of competent jurisdiction;
- The judgment has not been given on the merits of the case;
- The judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- The proceedings in which the judgment was obtained are opposed to natural justice;
- The judgment has been obtained by fraud; and/or
- The judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

In this Draft Letter of Offer, unless otherwise specified or context otherwise requires, references to 'US$', '$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the references herein to 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer has been derived from our Financial Statements. For details, please see **"*Financial Information*"** on page 84. Our Company's financial year commences on April 01 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The GoI has adopted the Indian accounting standards ("**Ind AS**"), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board ("**IFRS**") and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "**Ind AS Rules**").

The Restated Financial Statements of our Company for the Financial Years ended March 31, 2022, 2021 and 2020 and three months period ended June 30, 2022, prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. Our Company publishes its financial statements in Rupees.

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. Our Company has presented all numerical information in this Draft Letter of Offer in "lakh" units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see **"*Financial Information*"** on page 84.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America; and
- "Euro" or "€" are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Letter of Offer in "lakh" or "Lac" units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Information.

Exchange Rates

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

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

(in ₹)

Currency	Exchange rate as on			
	June 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
1 USD	78.94	75.80	73.53	75.38

(Source: www.rbi.org.in and www.fbil.org.in)

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

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 their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in **"*Risk Factors*"** on page 21, this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD - LOOKING STATEMENTS

This Draft Letter of Offer contains certain "forward-looking statements". Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled **"*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Industry Overview*"**. Forward-looking statements include statements concerning our Company's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company's competitive strengths and weaknesses, our Company's business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "continue", "can", "could", "expect", "estimate", "intend", "likely", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek to", "will", "will continue", "will pursue", "forecast", "target", or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These 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.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

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

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see **"*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*"** beginning on pages 21, 70 and 151, respectively, of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors nor our Promoter have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from 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 not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, **"Objects of the Issue", "Our Business", "Outstanding Litigation and other Defaults" and "Risk Factors"** beginning on pages 51, 70, 165 and 21 respectively of this Draft Letter of Offer.*

Summary of Industry

Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. In India, the real estate sector is the second-highest employment generator, after the agriculture sector. By 2040, real estate market will grow to Rs. 65,000 crore (US$ 9.30 billion) from Rs. 12,000 crore (US$ 1.72 billion) in 2019.

For further details, please refer to the chapter titled **"*Industry Overview*"** at page 57 of this Draft Letter of Offer.

Summary of Business

Our company was originally incorporated on March 07, 1977 as a Private Limited Company under the name and style of ***Thambi Modern Spinning Mills Private Limited*** under the provisions of the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu. Further, our company has changed its name to ***Thambbi Modern Spinning Mills Limited.***

Our Company was promoted by Mr. N. Ramasamy Udayar and originally was engaged in the business of spinning and weaving of different type of fibers and yarns. It also involves in the trading of cotton and yarns. However, the textile manufacturing activity was closed in the year March 2014 and lease out its buildings to earn rental income.

For further details, please refer to the chapter titled **"*Our Business*"** at page 70 of this Draft Letter of Offer.

Our Promoters

The Promoter of our Company is Ramasamy Udayar Jagadeesan.

For further details please see chapter titled **"*Our Promoters*"** beginning on page 81 of this Draft Letter of Offer.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

(₹ in lakhs)

Particulars	**Amount**
Part repayment or prepayment of unsecured loans availed by our Company from Ramasamy Udayar Jagadeesan, being a Promoter of our Company respectively	432.03
General Corporate Purposes*	[●]
Net Proceed from the Issue**	**[●]**

* *Subject to the finalization of the Basis of Allotment and the Allotment. The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Net Proceeds.*
** *Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio.*

For further details, please see chapter titled **"*Objects of the Issue*"** beginning on page 51 of this Draft Letter of Offer.

Intention and extent of participation by the Promoter and Promoter Group

The Promoter, on behalf of the members of the Promoter Group of our Company has, vide its letter dated August 30, 2022 ***("Subscription Letter")*** indicated their intention to subscribe, jointly and / or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other member(s) of the Promoter Group of our Company. For further details, please see the chapter titled ***"Capital Structure"*** beginning on page 49 of this Draft Letter of Offer.

Summary of Financial Information

Following are the details as per the Restated Financial Information as at and for the Financial Years ended on March 31, 2022, 2021, 2020 and the three-months period ended June 30, 2022:

(₹ in lakhs)

S. No.	Particulars	Three months period ended June 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
1.	Share Capital	576.28	576.28	576.28	576.28
2.	Net Worth	(961.45)	(944.31)	(433.98)	(269.36)
3.	Revenue from operations	73.10	221.08	166.78	191.26
4.	Profit/(Loss) after Tax	(17.14)	(510.33)	(164.62)	(218.23)
5.	Earnings per Share	(0.30)	(8.86)	(2.86)	(3.79)
6.	Net Asset Value per equity share	(16.68)	(16.39)	(7.53)	(4.67)
7.	Total borrowings*	1,866.99	1,898.72	1,775.49	1,459.44

**Total Borrowings (Secured and Unsecured borrowings) which also include current maturities.*

For further details, please refer the section titled ***"Restated Financial Statements"*** on page 84 of this Draft Letter of Offer.

Summary of Outstanding Litigation and Defaults

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoter and our Directors is provided below:

a) Litigations involving our Company

Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

b) *Litigations involving our Promoter and Directors*

Cases filed against our Promoter and Directors:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Actions taken by regulatory authorities	01	76.13
Material civil litigations	Nil	Nil

**To the extent quantifiable*

Cases filed by our Promoter and Directors:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

For further details, please refer the chapter titled ***"Outstanding Litigation and Material Developments"*** beginning on page 165 of this Draft Letter of Offer.

Risk Factors

Please see the chapter titled ***"Risk Factors"*** beginning on page 21 of this Draft Letter of Offer.

Summary of Contingent Liabilities

For details regarding our contingent liabilities as per Ind AS 37 for Financial Year 2022, see ***"Restated Financial Statements"*** beginning on page 84 of this Draft Letter of Offer.

Summary of Related Party Transactions

For details regarding our related party transactions as per Ind AS 24 entered into by our company for the Financial Years ended on March 31, 2022, 2021, 2020 and the three months period ended June 30, 2022, see ***"Restated Financial Statements"*** beginning on page 84 of this Draft Letter of Offer.

Issue of equity shares made in last one year for consideration other than cash

Our company has not issued any Equity Shares during the last one year from the Date of this Draft Letter of Offer for consideration other than cash.

Split or consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of Equity Shares in the last one year.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

*To obtain a complete understanding, you should read this section in conjunction with the sections **"Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Position and Results of Operations"** on pages 57, 70 and 151 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from online sources, nor any other person connected with the Issue, including the LM, has independently verified the information in the industry report or other publicly available information cited in this section.*

*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, in the section titled **"Forward-Looking Statements"** on page 16 of this Draft Letter of Offer.*

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Financial Information, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

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

The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to "we", "us" or "our" refers to Thambbi Modern Spinning Mills Limited.

The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

1. ***The novel coronavirus (Covid-19) pandemic outbreak and steps taken to control the same have significantly impacted our business, results of operations, financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.***

   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, especially the retail industry in which our Company operates. 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 the third wave of the virus and the likelihood of a fourth wave, 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. Further, if in case due to any third or consequent wave of Coronavirus or surge in new and deadly variants of the Virus, if another lockdown is imposed in the country and further restrictions are imposed by the government, we may face difficulty in resuming our business operations which in turn could lead to huge losses and our business operations could be severely impacted. Any of these consequences may result in loss of business and in turn have an adverse effect on our results of operations and financial condition.

2. ***Presently our Company is not carrying on any significant business activity and the same may impact our business, results of operations and financial condition.***

   Our Company was originally was engaged in the business of spinning and weaving of different type of fibres and yarns. It was also involved in the trading of cotton and yarns. However, our Company closed its textile manufacturing activity in the year March 2014 and started leasing out its buildings to earn rental income. Since 2014, our Company has been generating a substantial amount of its revenue from operations from renting out its buildings. For further details, please refer to the chapter titled **"*Our Business*"** at page 70 of this Draft Letter of Offer. Further, we are dependent upon our buildings and property for our business operations and while we have outlined the business strategy to further develop our letting out business, our inability to establish the same could adversely affect the results of operation of our Company. Further, some of our investments may yield sizable returns but we cannot assure of any consistent flow of business activity and income and the success of our business depends substantially on our ability to implement our business strategies effectively or at all. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

3. ***Our Company has ventured into the business of leasing our properties from 2014, and therefore has a very limited operating history of our operations with respect to the same, which will make it difficult for the investors to evaluate our historical performance or future prospects. Further, our Promoter does not have requisite experience in this industry.***

   Our Company was originally engaged in the business of spinning and weaving of different type of fibres and yarns and trading of cotton and yarns. Since 2014, we are engaged in the business of leasing out of our existing building and carrying out construction as per the requirement prescribed by our customers. Therefore, due to the change in the nature of our business we have a limited operating history in the business of leasing out our premises to third parties, and we may not have sufficient experience to address the risks relating to the same. Our Promoter and Managing Director, Ramasamy Udayar Jagadeesan, has an experience of more than three (03) decades in the textile industry and been associated with our Company since its incorporation and is one of our founding members. His experience in the real estate market is limited to the business operations carried out by our Company. Accordingly, our Promoter does not have the requisite experience in the real estate industry to guide our Company's business operations. Due to our limited experience in the real estate industry, we cannot assure you that, we will effectively be able to carry out our business operations, or identify the risks involved in such operations or follow the regulatory requirements applicable to our business. In the event, we are unable to identify certain operational risks which are inherent in our business due to the nature of the industry, our business, results of operations and financial condition would adversely be affected.

4. ***Our business operations are entirely dependent on our properties situated in Salem, any adverse developments affecting such properties could have an adverse effect on our business, results of operations and financial condition.***

We own the properties located at Omalur Road, Jagir Ammapalayam, Salem – 636 302 (Item-I), Udayapatty, Salem – 636 140 (Item -II) and Udayapatty, Salem – 636 140 (Item -III). Since 2014, our Company has been dependent upon the rental income generated from letting out these properties to earn our revenue and carry out its business and operations. Accordingly, all our business operations are highly dependent on our properties; therefore, we would solely rely on our revenues from these properties to pay our operating expenses and service our debt obligations. Any significant loss leading to an inability to let out our properties would adversely affect our business. Furthermore, our Promoter is involved in a legal proceeding with Cotton Corporation of India Limited wherein the Hon'ble High Court of Madras had passed an interim order dated August 27, 2020 directing our Promoter to pay the principal amount of ₹ 143.16 lakhs to CCIL by availing a loan from IDBI Bank and ordered attachment certain properties of our Company for the same. Although, the Hon'ble High Court of Madras *vide* its order dated September 23, 2021 recalled its interim order, our Promoter is yet to make payment of ₹ 108.16 lakhs. Our Promoter has made an additional payment of ₹ 32.03 lakhs and is yet to make payment of ₹ 76.13 lakhs to CCIL. In the event, an adverse action is taken against our Promoter and if any of the properties of our Company are attached or sold off, or in the event, we suffer any disruption in leasing out our premises, we could be compelled to terminate our lease or rent agreements with our lessees which in turn could lead to disputes and legal proceedings with them on account of any losses suffered by them. Such litigations could be time taking and costly and we cannot assure you if the outcome of such litigations would be in our favour. In the event, we are unable to address any such disruptions, in the future, our earnings, financial condition and results of operation would be materially and adversely affected.

5. ***Our Company, Directors, and Promoter are involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may adversely affect our business and results of operations.***

Our Company, Directors, and Promoter are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation as on date in relation to criminal matters, tax matters and actions by regulatory/ statutory authorities against our Company, Directors and Promoter, as applicable, have been set out below. Further, the summary also includes other outstanding legal proceedings-based materiality threshold as determined by our Board.

a) Litigations involving our Company

Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

b) Litigations involving our Promoter and Directors

Cases filed against our Promoter and Directors:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Actions taken by regulatory authorities	01	76.13
Material civil litigations	Nil	Nil

**To the extent quantifiable*

Cases filed by our Promoter and Directors:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

For further details, please refer the chapter titled ***"Outstanding Litigation and Material Developments"*** beginning on page 165 of this Draft Letter of Offer.

Further, our Company had entered into a contractual arrangement with Cotton Corporation of India Limited ("**CCIL**") to purchase 1300 bales out of which only 850 bales were not lifted by us, leading to breach of the contractual arrangement entered into the parties. CCIL had filed an arbitration petition against our Promoter, in which the Sole Arbitrator passed an award dated August 19, 2013 (the "**Award**") directing our Promoter to pay CCIL a sum of ₹ 67.03 lakhs with interest at 13.5% per annum. Thereafter CCIL initiated execution proceedings against our Promoter before the Hon'ble Principal District Judge, Salem for realization of the amount to the tune of ₹ 100.72 lakhs along with cost of ₹ 0.32 lakhs and the Hon'ble Principal District Judge, Salem *vide* an order dated March 13, 2018 ordered an attachment of certain properties of our Company for realization of the dues payable to CCIL. Subsequently, our Promoter aggrieved by the order dated March 13, 2018 passed by the Hon'ble Principal District Judge, Salem filed a civil revision petition and a civil miscellaneous petition before the Hon'ble High Court of Madras. The Hon'ble High Court passed an interim order dated August 27, 2020 directing our Promoter to (i) pay the principal amount of ₹ 143.16 lakhs by availing a loan from IDBI Bank and ordered attachment certain properties of our Company for the same; and (ii) pay a sum of ₹ 25 lakhs on or before September 8, 2020 and the balance within 90 days. Pursuant to the said order, our Promoter paid an amount of ₹ 35 lakhs to CCIL, however failed to pay an amount of ₹ 108.16 lakhs. CCIL filed a contempt petition before the Hon'ble High Court of Madras. The Hon'ble High Court of Madras *vide* its order dated September 23, 2021 recalled its interim order and closed the contempt petition in view of the pandemic. Our Promoter has made an additional payment of ₹ 32.03 lakhs and is yet to make payment of ₹ 76.13 lakhs to CCIL.

If any adverse developments arises in this matter, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. Any adverse decision taken by a court/tribunal may render us liable to penalties and may have a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For further details, please refer to the section titled **"*Outstanding Litigation and Other Material Developments*"** on page 165 of this Draft Letter of Offer.

6. ***Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.***

Our Company has experienced negative net cash flow in operating, investing and financing activities in the past, the details of which are provided below:

(₹ in lakhs)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Net Cash Flow from/(used in) Operating Activities	267.13	(148.64)	(9.83)
Net Cash generated from/(used in) investing activities	(190.13)	26.68	(53.90)
Net Cash Flow from/(used in) Financing Activities	(77.65)	130.03	65.34

We may incur negative cash flows in the future which may have a material adverse effect on our business, prospects, results of operations and financial condition.

7. ***We have had incurred restated losses in the past.***

We had incurred loss of ₹ 17.14 lakhs, ₹ 510.33 lakhs, ₹ 164.62 lakhs and ₹ 218.23 lakhs in the three months period ended June 30, 2022 and in the Financial Years ending March 31, 2022, March 31, 2021 and March 31, 2020 respectively. There can be no assurance that our Company will not continue to incur losses in the coming years. In the event, we continue to incur losses in the future, our earnings, financial condition and results of operation would be materially and adversely affected.

8. ***Our business is highly competitive and we cannot assure you that we will be able to compete effectively with other real estate companies.***

We operate our business in an intensely competitive and highly fragmented industry. We face significant competition in our business from Indian real estate development companies who also operate in the same regional markets as us. The extent of the competition we face in a potential property market depends on a number of factors, such as the size and type of property development, contract value and potential margins, the complexity and location of the property development, and the risks relating to revenue generation. Given the fragmented nature of the real estate development industry, we often do not have adequate information about the property developments our competitors are developing and accordingly, we run the risk of underestimating supply in the market.

As we diversify our regional focus, we face the risk that some of our competitors, who are also engaged in real estate development, may be better known in other markets, enjoy better relationships with land owners and international or domestic joint venture partners, may gain early access to information regarding attractive parcels of land and may be better placed to acquire such land. Some of our competitors are larger than us and have greater land reserves or financial resources or a more experienced management team. They may also benefit from greater economies of scale and operating efficiencies. Competitors may, whether through consolidation or growth, present more credible integrated and/or lower cost solutions than we do, causing us to acquire fewer land or development rights. There can be no assurance that we can continue to compete effectively with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. Also, in the areas of business in which we are a new entrant to the market, we may not be able to compete effectively with our competitors, some of whom may have greater breadth of experience and qualifications.

9. ***The success of our business operations would highly depend on our ability to attract and retain qualified personnel, and any inability on our part to do so, could adversely affect our business, results of operations and financial condition.***

The success of our business would highly depend on our ability to attract and retain qualified personnel since we aim to provide our lessees with high levels of service. We currently do not have the adequate number of qualified personnel for our operations; however, once we resume our business operations we would require hiring and retaining qualified personnel. We cannot assure you, if in future we may be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel. Since, our Promoter is not experienced in the industry in which we operate, it is conducive for us to hire qualified and experienced management personnel who would help us in operating our business. We cannot assure you that we will be able to retain our qualified personnel or find adequate replacements in a timely manner, or at all. Any inability on our part to attract and retain qualified personnel and senior management could adversely affect our business, results of operations and financial condition.

10. ***The majority of Issue proceeds will be utilized by our Company for part-repayment or prepayment of unsecured loans availed by it from our Promoter and one of our member of our Promoter Group.***

One of the Objects of this Issue is to partly repay or pre-pay the unsecured loans amounting to ₹ 432.03 lakhs availed by our Company from our Promoter, namely Ramasamy Udayar Jagadeesan. As on June 30, 2022, we have outstanding unsecured loans aggregating to ₹ 685.75 lakhs from our Promoter and one of our member of the Promoter Group. Out of the Issue proceeds, we intend to utilize ₹ 432.03 lakhs for part-repayment or pre-payment of unsecured loans availed by our Company from our Promoter and one of our member of the Promoter Group. For further details, please see the chapter titled "***Objects of the Issue***" beginning on page 51 of this Draft Letter of Offer.

11. ***Name of our Company does not reflect the business activities of the Company.***

Our Company is engaged in real estate renting business activities, however the name of the Company i.e. ***"Thambbi Modern Spinning Mills Limited"*** is not reflecting its current business activities. Any potential customer may not be able to understand the business activities of the Company and thus may result in losing of potential business revenue. However, in future, Our Company may change its name reflecting to its business activities in compliances of SEBI LODR Regulations, 2015.

12. ***SEBI had initiated adjudicatory proceedings against our Promoter.***

SEBI vide its order dated August 23, 2017 had initiated action against our Promoter for certain transactions undertaken by him in respect of his Equity Shares in March 2013. The action was initiated for delay in filing disclosures for the transactions undertaken under Regulation 13(4) and 13(4A) of the SEBI (PIT) Regulations, 1992, Regulation 29(2) of the SEBI (SAST) Regulations, 2011, Regulation 30(1) and 30(2) of the SEBI (SAST) Regulations, 2011. SEBI vide its order directed our Promoter to pay a penalty of ₹ 5.00 lakhs for the non-compliances committed and our Promoter paid the said amount of ₹ 5.00 lakhs through a ICICI bank, Demand draft dated October 05, 2017, payable at Mumbai. In respect of the above, there is no proceeding pending against our Promoter, as of date of this Draft Letter of Offer.

13. ***Our real estate business depends on our ability to anticipate and respond to consumer requirements, a failure of which could adversely affect our business, financial condition and results of operations.***

We depend on our ability to understand the preferences of our customers and to accordingly develop projects that suit their tastes and preferences. Our inability to provide customers with certain amenities or our failure to continually anticipate and respond to customer needs could adversely affect our business, financial condition and results of operations.

Our commercial real estate business is focused on the development of commercial space, including the lease of commercial space. Our growth and success will depend on the provision of high quality commercial space to attract and retain customers who are willing and able to lease or purchase these developments at suitable levels, and on our ability to anticipate the future needs and expansion plans of such customers. We will incur significant costs for the integration of modern fittings, contemporary architecture and landscaping, as well as the security, telecommunications, broadband and wireless systems expected by our customers. Our ability to pass these costs on to commercial customers will depend upon a variety of market factors beyond our control. Our inability to provide customers with properties that correspond to their needs could adversely affect our business.

14. ***Our retail real estate business is dependent on our ability to forecast demand, and attract consumers away from traditional shopping environments and competing shopping centres, and our inability to do so may adversely affect our business.***

In order to successfully operate retail developments, we are required to forecast market demand accurately. We believe that in order to draw consumers away from traditional shopping environments such as small local retail stores or markets as well as from competing centres, we need to create demand for our retail developments where customers can take advantage of a variety of consumer and retail options, such as air conditioning and adequate parking facilities. A decline in consumer and retail spending could cause retailers to cease operations or experience significant financial difficulties that in turn could reduce our ability to continue to attract successful retailers and visitors to our projects. Our retail business may also be affected by adverse changes specific to the retail industry, which has historically been and could be in the future adversely affected by the adverse financial condition of some large retail companies, ongoing consolidation in the retail sector in India, excess retail space in a number of Indian regional markets, and the timing and costs associated with property improvements and rentals, changes in taxation and zoning laws and adverse Government regulation.

15. ***Any delays and/or defaults in rent payments could result in increase of working capital investment and/or reduction of our Company's profits, thereby affecting our operation and financial condition.***

We are exposed to delay and/or defaults by our lessees in making payment of rent towards our properties. Our financial position and financial performance are dependent on the creditworthiness of our lessees. Such delays in payments may require our Company to make a working capital investment. We cannot assure you that payments from all or any of our lessees will be received in a timely manner or to that extent will be received at all. If a lessees defaults in making its rent payments, it could have a material adverse effect on our Company's results of operations and financial condition.

There is no guarantee on the timeliness of all or any part of our customers' rent payments and whether they will be able to fulfill their obligations, which may arise from their financial difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

16. ***Our business and growth plans could be adversely affected by the incidence of taxes, duties and levies.***

As a property owning and development company, we are subject to the property tax regime in the states where our properties are located. These taxes could increase in the future, and new types of property taxes may be established which would increase our overall development and other costs. We also buy and sell properties and property conveyances are generally subject to stamp duty. Additionally, the sale and receipt of the under construction units attracts service tax and value added tax. If these duties increase, the cost of acquiring properties will rise, and sale values could also be affected. Additionally, if stamp duties were to be levied on instruments evidencing transactions which we believe are currently not subject to such duties, our acquisition costs and sale values may be affected. Any such changes in the incidence or rates of property taxes or stamp duties or service tax or value added tax or any other tax or levies or charges may affect our results of operations.

17. ***As the securities of our Company are listed on BSE Limited, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.***

The Equity Shares of our Company are listed on BSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. Our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchange and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. In the past, due to penal reasons the Equity Shares of our Company were suspended from trading on BSE. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

18. ***Our Promoter and one of the members of our Promoter has extended personal guarantee with respect to loan facilities availed by our Company. Revocation of any or all of these personal may adversely affect our business operations and financial condition.***

Our Promoter and Malathi Jagadeesan, the member of our Promoter Group have extended personal guarantee in favour of IDBI Bank Limited and HDFC Bank Limited with respect to the loan facilities availed by our Company. In the event, the guarantees are revoked, our lender may require us to furnish alternate guarantees or may demand a repayment of the outstanding amounts under the said facilities sanctioned or may even terminate the facilities sanctioned to us. There can be no assurance that our Company will be able to arrange such alternative guarantees or provide an alternate collateral security in a timely manner or at all. If our lender enforces these restrictive covenants or exercise its options under the relevant debt financing agreements, our operations and use of assets may be significantly hampered and lenders may demand the payment of the entire outstanding amount and this in turn may also affect our further borrowing abilities thereby adversely affecting our business and operations. For further details, please refer to the chapter titled **— "*Financial Indebtedness*"** on page 161 of this Draft Letter of Offer.

19. ***Our Promoter and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

After the completion of the Issue, our Promoter and the members of the Promoter Group will hold approximately [•]% of the paid-up equity share capital of our Company assuming full subscription to the Rights Entitlement in the Issue. Our Promoter and the members of the Promoter Group holding Equity Shares in our Company, have undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. So long as the

Promoter and members of our Promoter Group have a majority holding, they will be able to elect the entire Board and control most matters affecting us, including the appointment and removal of the officers of our Company, our business strategy and policies and financing. Further, the extent of the Promoter's shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the other shareholders of our Company.

20. ***Our Company Logo is not registered. If we fail to obtain trademark registration our brand building efforts may be hampered. Also, our Company is unable to protect its intellectual property, or if our Company infringes on the intellectual property rights of others, our business may be adversely affected.***

Our Company is currently using the logo which is not yet registered in the name of our Company neither we have made any application for the registration of the trademark with the respective authorities. If we are unable to get the same registered with the trademark authorities then, our Company may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trademarks Act, 1999, as otherwise available for registered trademarks in future could have a material adverse effect on our business and goodwill, which in turn could adversely affect our results of operations.

There can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation and goodwill. 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. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property, which could adversely affect our business, results of operations and financial condition. For further details, please refer to the chapters titled **"*Our Business*"** on page 70 this Draft Letter of Offer.

21. ***We are subject to risks relating to owning real estate assets including changes in local markets or neighborhoods, lack of liquidity of real estate assets and uncertainty of market conditions.***

We are subject to risks that generally relate to real estate assets as our business operations are dependent upon the properties of our Company. Changes in local markets or neighborhoods may diminish the value of our real estate asset. Real estate assets may not be as liquid as certain other types of assets, and this lack of liquidity may limit our ability to react promptly to changes in economic, market or other conditions. Our ability to dispose of our properties, if required, on advantageous terms depends on factors beyond our control, including competition from other sellers, demand from potential buyers and the availability of attractive financing for potential buyers. We cannot predict the various market conditions affecting real estate that may exist at any particular time in the future. Due to the uncertainty of market conditions that may affect the future disposition of our real estate asset, we cannot assure you that we will be able to sell our real estate asset at a profit in the future, if required.

22. ***Our operations will entail certain fixed costs and recurring costs, and our inability to reduce such costs during periods of low demand for our services may have an adverse effect on our business, results of operations, financial condition and cash flows. Further, we may be unable to obtain future financing on favorable terms, or at all, to fund our operations, expected capital expenditure and working capital requirements.***

Our operations entail certain fixed costs such as costs incurred towards the maintenance of our properties, employee related costs, property taxes as well as certain significant recurring costs such as utility expenses and insurance payments. Consequently, we may be unable to reduce fixed and recurring costs in a timely manner, or at all, in response to a reduction in the demand for our services. Further, our properties may be subject to an increase in operating expenses and other expenses in the event of increases in property and other tax rates, increase in utility costs due to increase in electricity or water supply charges, insurance costs, repairs and maintenance and administrative expenses, which may adversely affect our business, results of operations, financial condition and cash flows.

Further, for the purpose of funding the fixed and recurring cost, we are required to obtain additional debt facilities which may be subject to a variety of uncertainties. We may be unable to obtain future financing on favorable terms, or at all, to fund our operations, anticipated capital expenditure and working capital requirements. Our strategy to grow our business and maintain our market share may require us to raise additional funds or refinance our existing debt for our working capital or long term loans. We cannot assure you that such funds will be available on favourable terms or at all. Additional debt financing may increase our financing costs. Our financing agreements may contain terms and conditions that may restrict our ability to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for availing finance facility. If we are unable to raise additional funds on favourable terms or at all as and when required, our business, financial condition, results of operations and prospects could be adversely affected.

Certain of our properties are mortgaged with our lenders, IDBI Bank Limited and HDFC Bank Limited for securing the term loans availed by us. In the event, our Company requires any further financing another charge may also be created on our properties which would require a prior consent of our existing lenders. Since, our business operations are solely dependent upon our properties, invocation of any of the charges would result in interruption or loss of our properties which in turn would adversely affect our business. Further, there might also be a case where we do not receive the consent from our lenders for creating another charge on our property and it would be strenuous for us to arrange for another security as a collateral for availing further finance. In addition, the property being an illiquid asset, lenders may be unwilling to accept security interests in the property being developed as collateral for the loan. If we are unable to raise such financing on favorable terms, or at all, we may not be able to fund our operations sufficiently which could have a material adverse effect on our business, financial condition, profitability, results of operations and ability to implement our growth strategy. Future fund raising may cause a dilution in your shareholding or place restrictions on our operations. For further details, please refer to chapter titled **— "*Financial Indebtedness*"** on page 161 of this Draft Letter of Offer.

23. We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.

The details of our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Restated Financial Information for the Fiscal year ended March 31, 2022, March 31, 2021, and March 31, 2020 are as follows:

(₹ in lakhs)

Particulars	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
The Cotton Corporation of India Limited, Coimbatore	0.00	126.16	126.16
Income Tax	0.00	0.00	0.00
Total	**0.00**	**126.16**	**126.16**

For further details of contingent liability, see the section titled **— *"Restated Financial Information"*** on page 84 of this Draft Letter of Offer. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

24. Our Promoter, Directors and Key Managerial Personnel have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.

Our Promoter, Directors and Key Managerial Personnel, may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. Our Promoter, Director and Key Managerial Personnel may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For further details please refer to the paragraphs titled **"*Our Management*", "*Our Promoters*", "*Financial Indebtedness*" and "*Restated Financial Information*"** on pages 75, 81, 161 and 84, respectively of this Draft Letter of Offer.

There can be no assurance that our Promoter, Directors, Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoter and members of our Promoter Group will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors and our Key Management Personnel may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

25. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability. Further, any fire or mishap or accidents of such nature at our properties could lead to accident claims and damage and loss of our properties.

While we maintain insurance policies in respect of our properties, covering losses, including those arising from fire, accidents, calamities and acts of terrorism. With respect to losses which are covered by our policies, it may be difficult and may take time to recover such losses from insurers. In addition, we may not be able to recover the full amount from the insurer. There can be no assurance that our policies would be sufficient to cover all potential losses, regardless of the cause, or whether we can recover for such losses.

We could also be held liable for accidents that occur at our properties or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our lessees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our property is insured with independent third parties covering various aspects such as loss arising out of fire and damage to buildings. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

26. ***Our agreements with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.***

We have entered into agreements for our borrowings with our lenders, IDBI Bank Limited and HDFC Bank Limited. These borrowings include secured fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying unsecured loans availed from Promoter and Promoter Group and third parties, undertake guarantee obligations on behalf of any other borrower including group companies, which require our Company to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us with these approvals in the future. For details of these restrictive covenants, please refer to chapter titled **— "*Financial Indebtedness*"** on page 161 of this Draft Letter of Offer.

Further, some of our financing arrangements include covenants to maintain our total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. We cannot assure prospective investors that such covenants will not hinder our business development and growth in the future. A default under any of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of our Company's financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition. For details of the events of default and the actions which can be taken by the banks on occurrence of such events, please refer to **"*Financial Indebtedness*"** on page 161 of this Draft Letter of Offer.

It may be possible for our lender to assert that we have not complied with all applicable terms under our existing financing documents. Further we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest.

27. ***In addition to our existing indebtedness for our existing operations, we may incur further indebtedness during the course of business. We cannot assure that we would be able to service our existing and/ or additional indebtedness.***

As on June 30, 2022, our Company's total outstanding secured loans including the current maturities are ₹ 1,181.24 lakhs. In addition to the indebtedness for our existing operations, we may incur further indebtedness during the course of our business. We cannot assure you that we will be able to obtain further loans at favourable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows. Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements entered with our lender or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations. For details of our indebtedness, please refer to the chapter titled **— "*Financial Indebtedness*"** on page 161 of this Draft Letter of Offer.

28. Our Company has taken certain unsecured loans from our Promoter and one of the members of our Promoter Group, which may be recalled at any time.

As on June 30, 2022, our Company has outstanding unsecured loans aggregating to ₹ 685.75 lakhs, which have been extended by our Promoter and Malathi Jagadeesan, forming part of our Promoter Group and may be recalled by them at any time. In the event, any of such lenders seek a repayment of any these loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to arrange for any such financing arrangements, we may not have adequate working capital to undertake new projects or complete our ongoing projects. Therefore, any such demand may adversely affect our business, financial condition and results of operations. For further details, see **"*Financial Indebtedness*"** on page 161 of this Draft Letter of Offer.

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

As of June 30, 2022, we have entered into several related party transactions with individuals and entities forming a part of our promoter group. In addition, we have in the past also entered into transactions with other related parties. Our Company has entered into related party transactions for the Fiscal ended June 30, 2022. For further details, please refer to **— "*Restated Financial Information*"** at page 84 of this Draft Letter of Offer.

While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

30. Our future fund requirements, in the form of further issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the 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 further issue of Equity Shares or convertible securities would dilute the shareholding of the existing Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

31. Our Company does not have any documentary evidence for the educational qualifications and experience of our Promoter and our Directors.

Our Promoter and our Directors are unable to trace their educational qualifications and documents evidencing their past experience. Due to lack of documents and relevant information from our Promoter and our Directors, have provided us with the affidavits confirming their educational qualifications and past experience. For further details, please refer to the chapters titled ***"Our Promoter"* and "*Our Management*"** on pages 81 and 75 of this Draft Letter of Offer.

32. Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We are required to obtain consents from certain of our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. We have not been able to pay dividends in the past due to halting of our business operations and we may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. For further details, please refer to the chapter titled **"*Dividend Policy*"** and the chapter titled **"*Financial Indebtedness*"** on pages 83 and 161 respectively, of this Draft Letter of Offer.

33. Increased losses due to fraud, theft or similar incidents may have an adverse impact on us.

Our business and the industry in which we operate are vulnerable to the problem of damage to our properties, misappropriation of cash, etc. An increase in losses due to such factors at our place of operation may require us to install additional security and surveillance equipment and incur additional expenses towards management of our properties. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, delayed rent payments or failure of our lessee in making payment of rent and the risks involved in transferring cash to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

34. The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter titled "Objects of the Issue".

As the issue size shall be less than ₹10,000 lakhs, under Regulation 41 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilisation of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilisation of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoter shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same. For further details, please refer to the chapter titled **— "*Objects of the Issue*"** on page 51 of this Draft Letter of Offer.

35. We have not commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data available in public domain and such data has not been independently verified by us.

We have not commissioned an industry report for the disclosures which need to be made in the chapter titled **"*Industry Overview*"** of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available in the public domain. We have not independently verified such data. We cannot assure you that any assumptions made 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 industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected 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.

ISSUE SPECIFIC RISKS

36. We will not distribute the Draft Letter of Offer, the Letter of Offer, the 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.

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars our Company will send, only through email, the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. 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, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. 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, 2013 and may subject us to fines or penalties.

37. ***SEBI has recently, by way of circular dated January 22, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circular dated January 22, 2020 and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see **"*Terms of the Issue*"** on page 176.

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 suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned / reversed / failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

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

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of 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). For details, please refer chapter ***"Terms of the Issue"*** on page 176.

39. ***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. For details, see **"*Terms of the Issue*"** on page 176.

40. ***Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our***

Promoter Group may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute 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. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

41. Investors 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.

42. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

43. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

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

The Equity Shares that you subscribe 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 Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity

Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

45. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

46. 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.

47. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

48. Investors will not have the option of getting the allotment of Equity Shares in physical form.

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see ***"Terms of the Issue"*** on page 176. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

49. There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges 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 Equity Shares will not be applied for or granted until after our 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 BSE, which would adversely affect your ability to sell our Equity Shares.

50. Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

51. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

EXTERNAL RISK FACTORS

52. Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and consider material to their assessment of our financial condition.

Our restated summary statements of assets and liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020 and restated summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Fiscals 2022, 2021 and 2020 along with unaudited three-months period ended June 30, 2022 have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and restated in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Restated Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. 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.

53. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

54. A slowdown in economic growth in India could cause our business to suffer.

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- variations in exchange rates;
- changes in India’s tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India’s various neighboring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards (“**ICDS**”), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- the General Anti Avoidance Rules (“**GAAR**”) have been made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 1, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state 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 central or state governments may adversely affect our competitive position and profitability.

56. Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors’ reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

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

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

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

57. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

58. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, 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 pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, 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/ tax clearance certificate from the income tax authority. 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.

59. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

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

The regulatory environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations that could affect the insurance industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Accordingly, any adverse regulatory change in this regard could lead to fluctuation of price points of various input costs and thereby increase our operational cost.

The Taxation Laws (Amendment) Act, 2019, also prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate (on gross basis) for Indian companies from 34.94% to approximately 25.17%. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Due to COVID -19 pandemic, the Government of India had also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, among others, the Central Goods and Service Tax Act, 2017 and Customs Tariff Act, 1975. Furthermore, the Government of India announced the Union Budget for Fiscal 2022 ("**Budget 2022**"), pursuant to which the Finance Bill 2022 (defined below) has proposed various amendments which will only come into effect upon receipt of Presidential assent to the bill and notification in requisite acts. We have not fully determined the impact of these recent and proposed laws and regulations on our business.

There can be no assurance that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations in connection with GST. While we are and will comply with the GST rules and regulations, any failure to comply with the same may result in noncompliance with the GST and may adversely affect our business and results of operations. The GoI announced the union budget for fiscal year 2023, following which the Finance Bill, 2022 was introduced in the Lok Sabha on February 1, 2022. Subsequently, the Finance Bill 2022 received the assent from the President of India on March 30, 2022, and became the Finance Act, 2022 ("**Finance Act 2022**"). We cannot predict whether the amendments made and yet to be notified pursuant to the Finance Act 2022 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Any changes in the Finance Act 2022 or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws that are applicable to our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

Changes in other laws may impose additional requirements, resulting in additional expenditure and time cost. For instance, the GoI has announced four labour codes which are yet to come into force as on the date of this Draft Letter of Offer, namely, (i) the Code on Wages, 2019, (ii) the Industrial Relations Code, 2020; (iii) the Code on Social Security, 2020; and (iv) the Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. While the rules for implementation under these codes have not been announced, we are unable to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future. For example, the Social Security Code aims to provide uniformity in providing social security benefits to employees which were previously segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements, such as "gig workers" and "platform workers" and provides for the mandatory registration of such workers in order to enable these workers to avail themselves of various employment benefits, such as life and disability cover, health and maternity benefits and old age protection, under schemes framed under the Social Security Code from time to time. Any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

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

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- hostile or war like situations with the neighboring countries;

- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. For example, our manufacturing facilities are located in western India, hence any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect our operations.

62. 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.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on May 24, 2022 pursuant to 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 entirely by, the information detailed in the chapter titled **"*Terms of the Issue*"** on page 176 of this Draft Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Up to [●] Equity Shares
Rights Entitlement	Up to [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Fractional Entitlement	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 entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Record Date	[●]
Face value per Equity Shares	₹ 10/-
Issue Price per Rights Equity Shares	₹ [●]/-
Issue Size	Up to [●] Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [●] (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of ₹ 576.28 lakhs.
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank *pari pasu* in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	57,62,770 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Up to [●] Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●]
Money payable at the time of Application	₹ [●]
Scrip Details	**ISIN:** INE830D01016 **BSE:** 514484
Use of Issue Proceeds	For details please refer to the chapter titled **"*Objects of the Issue*"** on page 51 of this Draft Letter of Offer.
Terms of the Issue	For details please refer to the chapter titled **"*Terms of the Issue*"** on page 176 of this Draft Letter of Offer.

Please refer to the chapter titled **"*Terms of the Issue*"** on page 176 of this Draft Letter of Offer.

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:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights	[●]
Issue Closing Date*	[●]

**The Board of Directors 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 the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

GENERAL INFORMATION

Our Company was originally incorporated on March 07, 1977 as a private limited company under the name and style of Thambi Modern Spinning Mills Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu. Subsequently, our company became a deemed public limited company *vide* passing resolutions in terms of Section 43A(4) of the Companies Act, 1956 with effect from June 15, 1988 and a full-fledged Public Limited Company on March 11, 1994 and name of the company was changed to '*Thambi Modern Spinning Mills Limited*'. Further, our company has changed its name to '*Thambbi Modern Spinning Mills Limited*' by passing the resolutions in terms of Section 21 of the Companies Act, 1956 pursuant to issuance of Fresh Certificate of Incorporation dated May 06, 1994 by Registrar of Companies, Tamilnadu, Coimbatore. The Corporate Identification Number of our company L17111TZ1977PLC000776.

Registered Office of our Company

Thambbi Modern Spinning Mills Limited
Omalur Road, Jagir Ammapalayam,
Salem – 636 302, Tamil Nadu, India
Telephone: +91 427 – 234 5425
E-mail: tmsml@ymail.com
Website: www.thambbimodern.com
Registration Number: 000776
CIN: L17111TZ1977PLC000776

Our Company does not have a corporate office.

Registrar of Companies

Our Company is registered with the Registrar of Companies, Tamil Nadu, Coimbatore situated at the following address.

Registrar of Companies,
No. 7, AGT Business Park, Phase II,
1st Floor, Civil Aerodrome Post,
Avinashi Road, Coimbatore – 641 014,
Tamil Nadu, India.
Telephone: +91 422 2629 640, 2628 170
Facsimile: +91 422 2628 089
E-mail: roc.coimbatore@mca.gov.in

Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Letter of Offer:

Name	Age	Designation	Address	DIN
Ramasamy Udayar Jagadeesan	74	Chairman and Managing Director	3/80 B, New Fairlands, Salem – 636016, Tamil Nadu, India.	01153985
Malathi Jagadeesan	68	Non-Executive Director	3/80 B, New Fairlands, Salem – 636016, Tamil Nadu, India.	00153952
Ashok Pukhraj Shah	59	Independent Director	Kavya Nilaya, davanagere road, opp. Jagalur mahalingappa tower, Chitradurga, Karnataka – 577501, India.	01137579
Muthu Udayar Pugazhendhi	55	Independent Director	244, TNHB Colony Sanatorium, Tambaram, Kancheepuram – 600047, Tamil Nadu, India.	01137623

For detailed profile of our Directors, please refer to the chapter titled **"*Our Management*"** on page 75 of this Draft Letter of Offer.

Chief Financial Officer and Compliance Officer

Rajasekaran Ponnappan, is the Chief Financial Officer and Compliance officer of our Company. His contact details are set forth hereunder.

Omalur Road, Jagir Ammapalayam,
Salem – 636 302, Tamil Nadu, India
Telephone: +91 94433 30122, 73737 20122
E-mail: p.rajatms@gmail.com

Company Secretary

Mohan Uma Maheshwari, Company Secretary of our Company. Her contact details are set forth hereunder.

Omalur Road, Jagir Ammapalayam,
Salem – 636 302, Tamil Nadu, India
Telephone: +91-427-2345425
E-mail: umamaheshwari.acs@gmail.com

Registrar to the Issue

Cameo Corporate Services Limited
Subramanian Building, No. 01,
Club House Road, Chennai- 600 002,
Tamil Nadu, India.
Telephone: +91- 44 – 4002 0700
Facsimile: N.A.
E-mail: priya@cameoindia.com
Website: www.cameoindia.com
Investor Grievance e-mail: investor@cameoindia.com
Contact Person: K. Sreepriya
SEBI Registration No.: INR000003753

Legal Advisor to the Issue

T&S Law
Door Number 1202, Devika Towers,
Ghaziabad – 201 017,
Uttar Pradesh, India
Telephone: +91 99 5877 5287
Email: info.tandslaw@gmail.com

Statutory Auditor of our Company

ABNJ & CO,
Chartered Accountants,
302, Nav Vivek Industrial Estate,
Mogul Lane Mahim West,
Mumbai – 400 016, Maharashtra, India.
Telephone: +91- 2444 9258, 2444 9630
Email: office@abnjca.com
Contact Person: Mr. Nilesh Mundada
Membership No: 131013
Firm Registration No: 121677W
Peer Review No.: 013365

Bankers to the Issue/ Refund Bank

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

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Inter-se Allocation of Responsibilities

The Company has not appointed any merchant banker as the Issue size is less than ₹5,000.00 lakhs and hence there is no inter-se allocation of responsibilities.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹10,000 lakhs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

Underwriting Agreement

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

Expert Opinion

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

Our Company has received written consent dated October 15, 2022 from the Statutory Auditor to include its name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an ***"expert"*** as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated October 11, 2022 on our Restated Financial Information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the three months period ended June 30, 2022; and (ii) Statement of Special Tax Benefits dated October 11, 2022 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Investor grievances

Investors may contact the Chief Financial Officer and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Chief Financial Officer and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application was submitted by the ASBA Investors through ASBA process.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for Rights Issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer shall be filed with BSE Limited and not with SEBI. However, the Letter of Offer shall be submitted with SEBI for information and dissemination purposes and shall be filed with the Stock Exchange.

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:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights	[●]
Issue Closing Date*	[●]

**The Board of Directors 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 the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoters and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the promoter group. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

Changes in the auditors during the last three years

Except as stated below, there has not been any change in the statutory auditors of our Company during the last three years:

Name of Auditor	Date of Change	Reason for change
R. Sundararaman & Co, Chartered Accountants No. 30/2, Indira Colony, Ashok Nagar, Chennai – 600 083, Tamil Nadu, India **Email**: raramco@gmail.com **Firm Registration Number**: 004129S	June 23, 2022	Resignation due to personal reasons and other pre-occupations
Nagaraju Girisha & Associates, **Chartered Accountants**, No.23, Sai Shiva Residency,FR F1,1st Cross, 2nd Main, Canara Bank Colony, Chikkalsandra, Dr.Vishnuvaradhan Main Road, Bangalore – 560 061, Karnataka, India. **Email:** nagarajukn@ngaassociates.in **Membership No:** 217090 **Firm Registration No:** 023506S	September 9, 2022`	Resignation due to personal reasons and other pre-occupations
ABNJ & CO, **Chartered Accountants**, 302, Nav Vivek Industrial Estate,	October 6, 2022	Appointment

Mogul Lane Mahim West,
Mumbai – 400 016, Maharashtra, India.
Email: office@abnjca.com
Membership No: 131013
Firm Registration No: 121677W
Peer Review No.: 013365

CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Draft Letter of Offer and after giving effect to the Issue is set forth below:

Amount (in ₹ Lakhs, except share data)

Sr. No	Particulars	Aggregate value at nominal value	Aggregate value at Issue Price
A.	**Authorised Share Capital**		
	1,40,00,000 Equity Shares of face value of ₹ 10/- each	1,400.00	NA
B.	**Issued, Subscribed and Paid-Up Share Capital before the Issue**		
	57,62,770 Equity Shares of face value of ₹ 10/- each	576.28	NA
C.	**Present Issue in terms of this Draft Letter of Offer(1)**		
	Fresh Issue of up to [●] Equity Shares of face value of ₹ 10/- each at a price of ₹ [●] per equity share	[●]	[●]#
D.	**Issued, Subscribed and Paid-Up Share Capital after the Issue**		
	[●] Equity Shares of face value of ₹ 10/- each	[●]	
E.	**Securities Premium Account**		
	Before the Issue*	745.79	
	After the Issue**	[●]	

(1)The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated May 24, 2022. The terms of the issue including the Record Date and Rights Entitlement Ratio, have been approved by resolution passed by our Board at its meeting held on [●].
#Assuming full subscription for and allotment of the Equity Shares.
**Securities Premium Account as on March 31, 2022 from Restated Financials Statements*
***Subject to Basis of Allotment.*

NOTES TO CAPITAL STRUCTURE

1. Details of outstanding instruments

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer. Further, our Company does not have any employee stock option scheme or employee stock purchase scheme.

2. Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Our Promoter, Ramasamy Jagadeesan, on behalf of the Promoter Group has, *vide* his letter dated August 30, 2022 (the "**Subscription Letters**") undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

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

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. 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.

3. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●] per equity share.

4. At any given time, there shall be only one denomination of the Equity Shares of our Company, excluding any equity shares with superior rights, if any, issued by our Company.

5. As on the date of filing this Draft Letter of Offer, our Company has no partly paid-up Equity Shares. The Rights Equity Shares, pursuant to this Issue shall be fully paid-up.

6. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchange in compliance with the SEBI Listing Regulations

(i) The shareholding pattern of our Company as on June 30, 2022, can be accessed on the website of the BSE at: https://www.bseindia.com/stock-share-price/thambbi-modern-spinning-mills-ltd/thambbi/514484/shareholding-pattern/

(ii) Statement showing holding of Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on June 30, 2022 can be accessed on the website of the BSE at: https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=514484&qtrid=114.00&QtrName=June%202022 .

(iii) Statement showing holding of Equity Shares of persons belonging to the category "Public" including shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2022 can be accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=514484&qtrid=114.00&QtrName=June%202022

7. Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on June 30, 2022 can be accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=514484&qtrid=114.00&QtrName=June%202022 & https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=514484&qtrid=114.00&QtrName=June%202022

8. Details of shares locked-in, pledged, encumbrance by promoters and promoter group:

As on date of this Draft Letter of Offer, none of the Equity Shares held by our Promoters or the members of our Promoter Group are locked-in, pledged or encumbrance.

9. Details of specified securities acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of the Draft Letter of Offer:

Our Promoters and members of Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of filing of the Draft Letter of Offer.

OBJECTS OF THE ISSUE

Our company proposes to utilize the net proceeds from the issue towards funding the following objects:

1) Part repayment or prepayment of unsecured loans availed by our Company from Ramasamy Udayar Jagadeesan, being a Promoter of our Company and;

2) General Corporate Purposes (collectively, referred to hereinafter as the ***"Objects"***)

We intend to utilize the gross proceeds raised through the Issue (the ***"Issue Proceeds"***) after deducting the Issue related expenses (***"Net Proceeds"***) for the above-mentioned Objects.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue and the activities for which the borrowings proposed to be prepaid in full or part from the Net Proceeds.

Details of objects of the Issue

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

(₹ in lakhs)

Particulars	Amount
Gross Proceeds from the Issue*	576.28
Less: Issue related expenses**	[●]
Net Proceed from the Issue	**[●]**

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*
*** Estimated and subject to change for factors including, GST input credit.*

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set out below:

(₹ in lakhs)

Particulars	Amount
Part repayment or prepayment of unsecured loans availed by our Company from Ramasamy Udayar Jagadeesan, being a Promoter of our Company	432.03
General Corporate Purposes*	[●]
Net Proceed from the Issue**	**[●]**

** Subject to the finalization of the Basis of Allotment and the Allotment. The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Net Proceeds.*
*** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

Means of Finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 62(1) (c) of the SEBI ICDR Regulations, 2018 through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2023.

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Details of the Objects of the Issue

1. Part repayment or prepayment of unsecured loans availed by our Company from Ramasamy Udayar Jagadeesan, being a Promoter of our Company.

Our Company has availed interest bearing unsecured loans from Ramasamy Udayar Jagadeesan, being a Promoter of our Company. These unsecured loans were raised by our Company for the purpose of working capital requirements. Our Company intends to utilize ₹ 432.03 lakhs of the Net Proceeds towards part repayment or prepayment of these unsecured loans. The unsecured loans are recallable by our Promoter. There are no prepayment penalties for prepayment of such unsecured loans. The following table provides details along with the terms on which the unsecured loans have been availed by our Company, as on June 30, 2022, which are proposed to be repaid from the Net Proceeds:-

Sr. No	Name of the Promoter	Outstanding Unsecured loans as on June 30, 2022	*Purpose of availing unsecured loans	Interest rate (%) p.a.	Repayment Terms	Prosposed repayment or prepayment from Net Proceeds (₹ in lacs)
1.	Ramasamy Udayar Jagadeesan	684.00	Working Capital requirement	10.00	Payable on demand	432.03
	Total	**684.00**				**432.03**

**Our Statutory auditors have provided a report of factual findings dated October 15, 2022 in connection with agreed-upon procedures related to the statement of loan availed.*

Given the nature of these borrowing facilities and the terms of repayment, the aggregate outstanding unsecured loan amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements to avail unsecured loans. In such cases or in case any of the above unsecured loans are paid or further unsecured loans have been availed prior to the completion of the Issue, we may utilise Net Proceeds of the Issue towards repayment or prepayment of such additional unsecured loans.

Our Promoter have undertaken to subscribe, jointly and severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of Additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempted in terms of Regulation 10(4) (b) of the SEBI SAST Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI SAST 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. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI SAST Regulations is ₹ [●].

Interest of Promoters, member of Promoter Group and Directors in the objects of the Issue

Ramasamy Udayar Jagadeesan, Promoter of the Company have vide its letter dated August 05, 2022 confirmed that an amount of ₹ 684.00 lakhs, which has been availed by our Company as on June 30, 2022, in the nature of identified unsecured loans as per the details mentioned in the above table, is proposed to be adjusted towards the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from our Promoter, to the extent of its entitlement, renunciation of entitlement in favour of the members of Promoter Group (if any) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to such an extent.

2. ***General Corporate Purposes***

In terms of Regulation 62(2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes is not exceeding 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Amount* (₹ In lakhs)	As a percentage of total expenses*	As a percentage of Issue Size*
Fees of the Lead Managers, Bankers to theIssue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue expenses	**[●]**	**[●]**	**[●]**

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

Interim use of funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Appraisal and Bridge Financing Facilities

Our Company has not raised any bridge loan from any bank or financial institution as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of utilization of funds

Since the Issue is for an amount not exceeding ₹10,000 lacs, in terms of Regulation 82(1) of the SEBI ICDR Regulations, 2018. Our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Draft Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters and Promoter Group, Directors, Key Managerial Personnel of our Company, except for the part of the Net Proceeds that will be utilized towards the repayment/prepayment of unsecured loans availed by our Company from Ramasamy Udayar Jagadeesan, being a Promoter and payments made in the ordinary course of business, there are no material existing or anticipated transactions.

STATEMENT OF SPECIAL TAX BENEFITS

Statement of possible special tax benefits available to the Company and its Shareholders

To,
The Board of Directors
Thambbi Modern Spinning Mills Limited
Omalur Road. Jagir Ammapalayam,
Salem – 636302

Dear Sirs

Subject: Statement of Possible Special Tax Benefits available to Thambbi Modern Spinning Mills Limited ("the Company") and shareholders of the Company under the direct& indirect tax laws.

We hereby confirm that the enclosed statement states the possible special direct tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 ("Act") as amended from time to time, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

This statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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 rights issue of equity shares of the Company particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

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

This statement is intended solely for information and for inclusion in the Draft Letter of Offer in relation to the Issue of equity shares of the Company and is not to be used, circulated or referred to for any other purposewithout our prior written consent. Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time.

We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from badfaith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

For M/s. ABNJ & Co,
Chartered Accountants
Firm Registration No.: 121677W
Sd/-
Nilesh Mundada
Partner
M.No. 131013
Date: 11 October 2022
Place: Mumbai
UDIN: 2213013AZHQSS98

Annexure

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITSSHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

I Special Tax Benefits available to the Company under the Act:

There are no special tax benefits available to the Company.

II. Special Tax Benefits available to the Shareholders under the Act:

There are no special tax benefits available for the shareholders of the Company under the provisions ofthe Act.

For M/s. ABNJ & Co,
Chartered Accountants
Firm Registration No.: 121677W
Sd/-
Nilesh Mundada
Partner
M.No. 131013
Date: 11 October 2022
Place: Mumbai
UDIN: 2213013AZHQSS98

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the issue has independently verified the information provided in this section. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

GOLBAL ECONOMY AT LARGE

Following more than two years of pandemic, spillovers from the Russian Federation's invasion of Ukraine are set to sharply hasten the deceleration of global economic activity, which is now expected to slow to 2.9 percent in 2022. The war in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, exacerbating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty. Growth in emerging market and developing economies (EMDEs) this year has been downgraded to 3.4 percent, as negative spillovers from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices. Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year: global growth is forecast to edge up only slightly to a still-subdued 3 percent in 2023, as many headwinds—in particular, high commodity prices and continued monetary tightening—are expected to persist. Moreover, the outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity.

These risks underscore the importance of a forceful policy response. The global community needs to ramp up efforts to mitigate humanitarian crises caused by the war in Ukraine and conflict elsewhere and alleviate food insecurity, as well as expand vaccine access to ensure a durable end of the pandemic. Meanwhile, EMDE policy makers need to refrain from implementing export restrictions or price controls, which could end up magnifying the increase in commodity prices. With rising inflation, tightening financial conditions, and elevated debt levels sharply limiting policy space, spending can be reprioritized toward targeted relief for vulnerable households. Over the long run, policies will be required to reverse the damage inflicted by the dual shocks of the pandemic and the war on growth prospects, including preventing fragmentation in trade networks, improving education, and raising labor force participation.

COVID-19 already dealt a major setback to income growth and poverty reduction in developing economies. The fallout from the war in Ukraine compounds the challenges for many of them. They are expected to grow 3.4 percent in 2022—barely half the rate in 2021 and well below the average from 2011 through 2019. Middle-income countries will see a sharp downgrade to growth in 2022, losing 1.3 percentage points relative to the January forecast. Because of the adverse shocks of the past two years, real income per capita in 2023 will remain below pre-COVID-19 levels in about 40 percent of developing economies. For many countries, recession will be hard to avoid. With the supply of natural gas constrained, especially for use in fertilizer and electricity grids in poorer countries, announcements of major production increases worldwide will be essential for breaking out of stagflation and restoring noninflationary growth.

Russia's invasion of Ukraine is affecting EMDE regions to different degrees via impacts on global trade and output, commodity prices, inflation, and interest rates. The adverse spillovers from the war will be most severe for Europe and Central Asia, where output is forecast to sharply contract this year. Output growth is projected to slow this year in all other regions except the Middle East and North Africa, where the benefits of higher energy prices for energy exporters are expected to outweigh those prices' negative impacts for other economies in the region. Risks for all EMDE regions are tilted to the downside and include intensifying geo-political tensions, rising inflation and food shortages, financial stress and rising borrowing costs, renewed outbreaks of COVID-19, and disruptions from disasters.

Global inflation has risen sharply from its lows in mid-2020, on rebounding global demand, supply bottlenecks, and soaring food and energy prices, especially since Russia's invasion of Ukraine. Markets expect inflation to peak in mid-2022 and then decline, but to remain elevated even after these shocks subside and monetary policies are tightened further. Global growth has been moving in the opposite direction: it has declined sharply since the beginning of the year and, for the remainder of this decade, is expected to remain below the average of the 2010s. In light of these developments, the risk of stagflation—a combination of high inflation and sluggish growth—has risen. The recovery from the stagflation of the 1970s required steep increases in interest rates by major advanced-economy central banks to quell inflation, which triggered a global recession and a string of financial crises in EMDEs. If current stag flationary pressures intensify, EMDEs would likely face severe challenges again because of their less well-anchored inflation expectations, elevated financial vulnerabilities, and weakening growth fundamentals. This makes it urgent for EMDEs to shore up their fiscal and external buffers, strengthen their monetary policy frameworks, and implement reforms to reinvigorate growth.

Russia's invasion of Ukraine has disrupted global energy markets and damaged the global economy. Compared with what took place in the 1970s, the shock has led to a surge in prices across a broader set of energy- related commodities. In energy-importing economies, higher prices will reduce real disposable incomes, raise production costs, tighten financial conditions, and constrain policy space. Some energy exporters may benefit from improved terms of trade and higher commodities production. However, on net, model-based estimates suggest that the war-driven surge in energy prices could reduce global output by 0.8 percent after two years. The experience of previous oil price shocks has shown that these shocks can provide an important catalyst for policies to encourage demand reduction, substitution to other fuels, and development of new sources of energy supply.

Goods trade slowed in the first half of 2022 as supply chains continued to be affected by the lingering effects of the pandemic, including disruptions in major Asian ports and lockdowns in key cities in China. In addition, Russia's invasion of Ukraine and its repercussions have led to severe physical and logistical dislocations that have magnified pre-existing bottlenecks. Services trade has regained its pre-pandemic level, driven by a rebound in non-tourism services. While tourism activity has started to recover in advanced economies with high vaccination levels, it remains generally subdued in EMDEs, especially in tourism-reliant countries and in small states. The invasion is also weighing on tourism activity in countries that rely on tourists from Russia and Ukraine.

Global trade growth is anticipated to slow to 4 percent in 2022 as the war in Ukraine further disrupts global value chains, global activity gradually shifts back toward the less trade intensive services sector, and international mobility moves toward pre-pandemic levels only gradually. This is a substantial downward revision relative to previous forecasts, largely because of higher transport costs and significant global value chain disruptions associated with the war. Global trade growth is expected to moderate to an average of 4.1 percent in 2023-24 as global demand for tradable goods continues to decelerate.

Source: Global Economic Prospects -- June 2022 (worldbank.org)

TABLE 1.1 Real GDP[1]

	2019	2020	2021e	2022f	2023f	2024f	2022f	2023f
							Percentage point differences from January 2022 projections	
World	**2.6**	**-3.3**	**5.7**	**2.9**	**3.0**	**3.0**	**-1.2**	**-0.2**
Advanced economies	**1.7**	**-4.6**	**5.1**	**2.6**	**2.2**	**1.9**	**-1.2**	**-0.1**
United States	2.3	-3.4	5.7	2.5	2.4	2.0	-1.2	-0.2
Euro area	1.6	-6.4	5.4	2.5	1.9	1.9	-1.7	-0.2
Japan	-0.2	-4.6	1.7	1.7	1.3	0.6	-1.2	0.1
Emerging market and developing economies	**3.8**	**-1.6**	**6.6**	**3.4**	**4.2**	**4.4**	**-1.2**	**-0.2**
East Asia and Pacific	5.8	1.2	7.2	4.4	5.2	5.1	-0.7	0.0
China	6.0	2.2	8.1	4.3	5.2	5.1	-0.8	-0.1
Indonesia	5.0	-2.1	3.7	5.1	5.3	5.3	-0.1	0.2
Thailand	2.2	-6.2	1.6	2.9	4.3	3.9	-1.0	0.0
Europe and Central Asia	2.7	-1.9	6.5	-2.9	1.5	3.3	-5.9	-1.4
Russian Federation	2.2	-2.7	4.7	-8.9	-2.0	2.2	-11.3	-3.8
Turkey	0.9	1.8	11.0	2.3	3.2	4.0	0.3	0.2
Poland	4.7	-2.2	5.9	3.9	3.6	3.7	-0.8	0.2
Latin America and the Caribbean	0.8	-6.4	6.7	2.5	1.9	2.4	-0.1	-0.8
Brazil	1.2	-3.9	4.6	1.5	0.8	2.0	0.1	-1.9
Mexico	-0.2	-8.2	4.8	1.7	1.9	2.0	-1.3	-0.3
Argentina	-2.0	-9.9	10.3	4.5	2.5	2.5	1.9	0.4
Middle East and North Africa	0.9	-3.7	3.4	5.3	3.6	3.2	0.9	0.2
Saudi Arabia	0.3	-4.1	3.2	7.0	3.8	3.0	2.1	1.5
Iran, Islamic Rep. [2]	-6.8	3.4	4.1	3.7	2.7	2.3	1.3	0.5
Egypt, Arab Rep. [2]	5.6	3.6	3.3	6.1	4.8	5.0	0.6	-0.7
South Asia	4.1	-4.5	7.6	6.8	5.8	6.5	-0.8	-0.2
India [3]	3.7	-6.6	8.7	7.5	7.1	6.5	-1.2	0.3
Pakistan [2]	3.1	-0.9	5.7	4.3	4.0	4.2	0.9	0.0
Bangladesh [2]	7.9	3.4	6.9	6.4	6.7	6.9	0.0	-0.2
Sub-Saharan Africa	2.6	-2.0	4.2	3.7	3.8	4.0	0.1	0.0
Nigeria	2.2	-1.8	3.6	3.4	3.2	3.2	0.9	0.4
South Africa	0.1	-6.4	4.9	2.1	1.5	1.8	0.0	0.0
Angola	-0.7	-5.2	0.7	3.1	3.3	3.2	0.0	0.5
Memorandum items:								
Real GDP[1]								
High-income countries	1.7	-4.6	5.1	2.7	2.2	2.0	-1.1	-0.2
Middle-income countries	4.0	-1.3	6.8	3.3	4.2	4.5	-1.3	-0.3
Low-income countries	4.8	1.9	3.9	4.1	5.3	5.7	-0.8	-0.6
EMDEs excl. Russian Federation and Ukraine	3.9	-1.5	6.7	4.2	4.5	4.5	-0.5	0.0
EMDEs excl. China	2.5	-4.0	5.6	2.7	3.4	4.0	-1.5	-0.4
Commodity-exporting EMDEs	1.8	-3.8	4.8	1.2	2.6	3.2	-2.1	-0.5
Commodity-exporting EMDEs excl. Russian Federation and Ukraine	1.8	-4.0	4.8	3.7	3.3	3.4	0.3	-0.1
Commodity-importing EMDEs	4.9	-0.4	7.5	4.4	4.9	5.0	-0.8	-0.1
Commodity-importing EMDEs excl. China	3.2	-4.2	6.6	4.6	4.5	4.9	-0.7	-0.1
EM7	4.5	-0.5	7.3	3.3	4.3	4.7	-1.5	-0.4
World (PPP weights) [4]	2.9	-3.0	6.0	3.1	3.4	3.5	-1.3	-0.2
World trade volume [5]	**1.4**	**-8.0**	**10.3**	**4.0**	**4.3**	**3.8**	**-1.8**	**-0.4**
Commodity prices [6]								
Oil price	-9.9	-33.9	66.5	42.0	-8.0	-13.0	35.0	3.8
Non-energy commodity price index	-4.2	3.3	32.7	17.9	-8.1	-3.1	19.9	-4.1

Source: World Bank.

1. Headline aggregate growth rates are calculated using GDP weights at average 2010-19 prices and market exchange rates. The aggregate growth rates may differ from the previously published numbers that were calculated using GDP weights at average 2010 prices and market exchange rates. Data for Afghanistan and Lebanon are excluded.
2. GDP growth rates are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. Pakistan's growth rates are based on GDP at factor cost. The column labeled 2022 refers to FY2021/22.
3. GDP growth rates are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. The column labeled 2022 refers to FY2022/23.
4. World growth rates are calculated using average 2010-19 purchasing power parity (PPP) weights, which attribute a greater share of global GDP to emerging market and developing economies (EMDEs) than market exchange rates.
5. World trade volume of goods and nonfactor services.
6. Oil price refers to the Brent crude oil benchmark. The non-energy index is the weighted average of 39 commodity prices (7 metals, 5 fertilizers, and 27 agricultural commodities). For additional details, please see https://www.worldbank.org/commodities.

Note: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information. Consequently, projections presented here may differ from those contained in other World Bank documents, even if basic assessments of countries' prospects do not differ at any given date. For the definition of EMDEs, commodity exporters, and commodity importers, please refer to table 1.2. EM7 includes Brazil, China, India, Indonesia, Mexico, the Russian Federation, and Turkey. The World Bank is currently not publishing economic output, income, or growth data for Turkmenistan and República Bolivariana de Venezuela owing to lack of reliable data of adequate quality. Turkmenistan and República Bolivariana de Venezuela are excluded from cross-country macroeconomic aggregates.

Source: Global Economic Prospects -- June 2022 (worldbank.org)

GLOBALREALESTATERENTAL OVERVIEW

Asia Pacific was the largest region in the global real estate rental market, accounting for 33% of the market in 2020. Western Europe was the second largest region accounting for 29% of the global real estate rental market. Africa was the smallest region in the global real estate rental market.

Source: https://www.researchandmarkets.com/reports/5264640/real-estate-rental-global-market-report-2021#product--summary

The global real estate rental market size is expected to grow from $2164.29 billion in 2021 to $2396.61 billion in 2022 at a compound annual growth rate (CAGR) of 10.7%. The growth in the market is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The real estate rental market is expected to reach $3476.58 billion in 2026 at a CAGR of 9.7%.

The real estate rental market consists of sales of real estate rental services by entities (organizations, sole traders and partnerships) that rent, lease and allow the use of buildings and/or land. The rent of goods or services is governed by a rental agreement or contract between an owner of a product and an end-user where a payment is made by the end-user for the temporary use of the product. The rental agreement is a document used for the occupying of space (either commercial or residential) for a period of time in exchange for monthly rent.

The main types of real estate rental are residential buildings and dwellings rental services, non-residential buildings rental services, mini warehouses and self-storage unit's rental services and other rental services. Residential rental property is defined as a dwelling bought by an investor and occupied by tenants under a lease or other sort of rental arrangement. The different modes include online, offline and involves various property types such as fully furnished, semi-furnished, and unfurnished.

Major companies in the real estate rental market include Daito Trust Construction Co. Ltd., Brookfield Asset Management, American Tower Corporation, Sun Hung Kai Properties Limited, CapitaLand Limited, Mitsui Fudosan Co. Ltd., Xiamen C&D, Simon Property Group Inc, Digital Realty Trust Inc and Leopalace21 Corporation.

Online real estate listing services such as Zillow and realtor.com provide housing database and information on tax and purchase history. Technologies such as video, VR tours and e-signing services also streamline the real estate transactions. Real estate agents are increasingly using new technologies such as online listing, video and virtual reality (VR), to provide better services to clients and strengthen the buyer-agent relationship. With advancements in technology, the role of real estate agents is shifting from just an information arbitrator to a local market expert and service provider.

Source: https://www.thebusinessresearchcompany.com/report/real-estate-rental-global-market-report

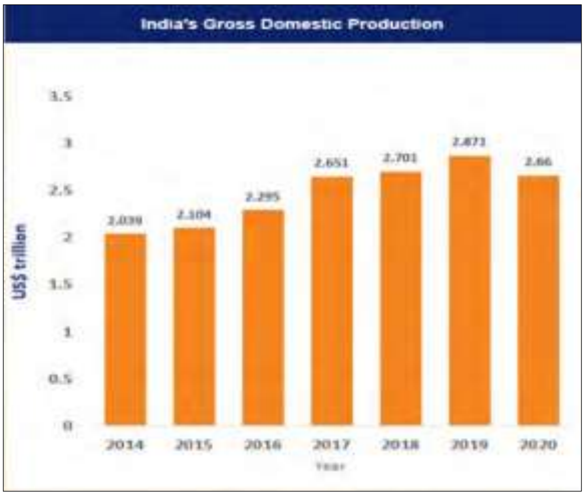
OVERVIEW OF THE INDIAN ECONOMY

Introduction

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

Market size

- India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 232.15 trillion (US$ 3.12 trillion) in FY22.
- India is the third-largest unicorn base in the world with over 100 unicorns with a total valuation of US$ 332.7 billion.
- India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030s, for productivity and economic growth according to McKinsey Global Institute. The net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.
- According to data from the Department of Economic Affairs, as of January 28, 2022, foreign exchange reserves in India reached the US$ 634.287 billion mark.



Recent Developments

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The private equity - venture capital (PE-VC) sector recorded investments worth US$ 5.8 billion across 117 deals in February 2022, 24% higher than in January 2022. Some of the important recent developments in the Indian economy are as follows:

- India's merchandise exports were at an all-time high of US$ 417.81 billion in FY22. In April 2022, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 54.7.

- The gross Goods and Services Tax (GST) revenue collection hit an all-time high of Rs. 1.68 trillion (US$ 21.73 billion) in April 2022. This is a 20% increase over the previous year.

- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US$ 572.80 billion between April 2000 - December 2021.

- India's Index of Industrial Production (IIP) for January 2022 stood at 138.4 against 136.6 for January 2021.

- Consumer Food Price Index (CFPI) – Combined inflation was 2.9% in 2021-22 (April-December) against 9.1% in the corresponding period last year.

- Consumer Price Index (CPI) – Combined inflation was 5.20% in 2021-2022 (April-December) against 6.6% in 2020-21

- Foreign portfolio investors (FPIs) invested Rs.50,009 crore (US$ 6.68 billion) in the Calendar year 2021.

- The wheat procurement in Rabi 2021-22 and the anticipated paddy purchase in Kharif 2021-22 would include 1208 lakh (120.8 million) metric tonnes of wheat and paddy from 163 lakh (16.7 million) farmers, as well as a direct payment of MSP value of Rs. 2.37 lakh crore (US$ 31.74 billion) to their accounts.

Government Initiatives

The Government of India has taken several initiatives to improve the economic condition of the country. Some of these are:

- As of April 2022, India signed 13 Free Trade Agreements (FTAs) with its trading partners including major trade agreements like the India-UAE Comprehensive Partnership Agreement (CEPA) and the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA).

- The Union Budget of 2022-23 was presented on February 1, 2022, by the Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman. The budget had four priorities PM GatiShakti, Inclusive Development, Productivity Enhancement and Investment and Financing of Investments. In the Union Budget 2022-23, effective capital expenditure is expected to increase by 27% at Rs. 10.68 lakh crore (US$ 142.93 billion) to boost the economy. This will be 4.1% of the total Gross Domestic Production (GDP).

- Under PM GatiShakti Master Plan the National Highway Network will develop 25,000 km of new highways network which will be worth Rs. 20,000 crore (US$ 2.67 billion). In 2022-23. Increased government expenditure is expected to attract private investments, with a production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded, and measured policy support is anticipated to boost the Indian economy.

- In February 2022, Minister for Finance and Corporate Affairs Ms. Nirmala Sitharaman said that productivity linked incentive (PLI) schemes would be extended to 14 sectors to achieve the mission of Atma Nirbhar Bharat and create 60 lakh jobs with an additional production capacity of Rs. 30 lakh crore (US$ 401.49 billion) in the next five years.

- In the Union Budget of 2022-23, the government announced funding for the production linked incentive (PLI) scheme for domestic solar cells and module manufacturing of Rs. 24,000 crore (US$ 3.21 billion).

- In the Union Budget of 2022-23, the government announced a production linked incentive (PLI) scheme for Bulk Drugs which was an investment of Rs. 2500 crore (US$ 334.60 million).

- In the Union Budget of 2022, Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman announced that a scheme for design-led manufacturing in 5G would be launched as part of the PLI scheme.

- In September 2021, Union Cabinet approved major reforms in the telecom sector, which are expected to boost employment, growth, competition, and consumer interests. Key reforms include rationalization of adjusted gross revenue, rationalization of bank guarantees (BGs), and encouragement of spectrum sharing.

- In the Union Budget of 2022-23, the government has allocated Rs. 44,720 crore (US$ 5.98 billion) to Bharat Sanchar Nigam Limited (BSNL) for capital investments in the 4G spectrum.

- Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman allocated Rs. 650 crore (US$ 86.69 million) for the Deep Ocean mission that seeks to explore vast marine living and non-living resources. Department of Space (DoS) has got Rs. 13,700 crore (US$ 1.83 billion) in 2022-23 for several key space missions like Gaganyaan, Chandrayaan-3, and Aditya L-1 (sun).

- In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US$ 6.07 billion).

- Minister for Finance & Corporate Affairs Ms Nirmala Sitharaman announced in the Union Budget of 2022-23 that the Reserve Bank of India (RBI) would issue Digital Rupee using block chain and other technologies.

- In the Union Budget of 2022-23, Railway got an investment of Rs. 2.38 lakh crore (US$ 31.88 billion) and over 400 new high-speed trains were announced. The concept of "One Station, One Product" was also introduced.

- To boost competitiveness, Budget 2022-23 has announced reforming the 16-year-old Special Economic Zone (SEZ) act.

- In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected at 2% and 6%, respectively, in FY22.

- To boost the overall audit quality and transparency and add value to businesses, in April 2021, the RBI issued a notice on new norms to appoint statutory and central auditors for commercial banks, large urban co-operatives, and large non-banks and housing finance firms.

- In May 2021, the Government of India allocated Rs. 2,250 crore (US$ 306.80 million) for the development of the horticulture sector in 2021-22.

- In November 2020, the Government of India announced Rs. 2.65 lakh crore (US$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction, and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US$ 27 billion) over five years to create jobs and boost production in the country.

- Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Prime Minister of India Mr. Narendra Modi launched the Make in India initiative with an aim to boost the country's manufacturing sector and increase the purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the government has also come up with the Digital India initiative, which focuses on three core components: the creation of digital infrastructure, delivering services digitally, and increasing digital literacy.

- On January 29, 2022, the National Asset Reconstruction Company Ltd (NARCL) will acquire bad loans worth up to Rs. 50,000 crore (US$ 6.69 billion) about 15 accounts by March 31, 2022. India Debt Resolution Co. Ltd (IDRCL) will control the resolution process. This will clean up India's financial system and help fuel liquidity and boost the Indian economy.

- National Bank for Financing Infrastructure and Development (NaBFID) is a bank that will provide non-recourse infrastructure financing and is expected to support projects from the first quarter of FY2022-23; it is expected to raise Rs. 4 lakh crore (US$ 53.58 billion) in the next three years.

- By November 1, 2021, India and the United Kingdom hope to begin negotiations on a free trade agreement. The proposed FTA between these two countries is likely to unlock business opportunities and generate jobs. Both sides have renewed their commitment to boost trade in a manner that benefits all.

- In August 2021, NITI Aayog and Cisco collaborated to encourage women's entrepreneurship in India.

- In August 2021, Prime Minister Mr. Narendra Modi announced an initiative to start a national mission to reach the US$ 400 billion merchandise export target by FY22.

- In August 2021, Prime Minister Mr. Narendra Modi launched a digital payment solution, e-RUPI, a contactless and cashless instrument for digital payments.

- In June 2021, RBI Governor Mr. Shaktikanta Das announced the policy repo rate unchanged at 4%. He also announced various measures, including Rs. 15,000 crores (US$ 2.05 billion) liquidity support to contact-intensive sectors such as tourism and hospitality.

- In June 2021, Finance Ministers of G-7 countries, including the US, the UK, Japan, Italy, Germany, France and Canada, attained a historic contract on taxing multinational firms as per which the minimum global tax rate would be at least 15%. The move is expected to benefit India by increasing foreign direct investments in the country.

- In June 2021, the Indian government signed a US$ 32 million loan with World Bank for improving healthcare services in Mizoram.

- In May 2021, the Government of India (GoI) and European Investment Bank (EIB) signed the finance contract for the second tranche of EUR 150 million (US$ 182.30 million) for the Pune Metro Rail project.

- According to an official source, as of September 15, 2021, 52 companies have filed applications under the Rs. 5,866 crore (US$ 796.19 million) production-linked incentive scheme for the white goods (air conditioners and LED lights) sector.

- In May 2021, Union Cabinet approved the signing of a memorandum of understanding (MoU) on migration and mobility partnership between the Government of India, the United Kingdom of Great Britain and Northern Ireland.

- In April 2021, Minister for Railways and Commerce & Industry and Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, launched the 'DGFT Trade Facilitation' app to provide instant access to exporters/importers anytime and anywhere.

- In April 2021, Dr. Ahmed Abdul Rahman AlBanna, Ambassador of the UAE to India and Founding Patron of IFIICC, stated that trilateral trade between India, the UAE and Israel is expected to reach US$ 110 billion by 2030.

- India is expected to attract investment of around US$ 100 billion in developing the oil and gas infrastructure during 2019-23.

- The Government of India is going to increase public health spending to 2.5% of the GDP by 2025.

Road Ahead

Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution Mr. Piyush Goyal, on January 21, 2022 said that Indian industry to raise 75 unicorns in the 75 weeks leading up to the country's 75th anniversary next year.

Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles Mr. Piyush Goyal said that India will achieve exports worth US$ 1 trillion by 2030.

India's electronic exports are expected to reach US$ 300 billion by 2025-26. This will be nearly 40 times the FY2021-22 exports (till December 2021) of US$ 67 billion.

As per the data published in a Department of Economic Affairs report, in the first quarter of FY22, India's output recorded a 20.1% YoY growth, recovering >90% of the pre-pandemic output in the first quarter of FY20. India's real gross value added (GVA) also recorded an 18.8% YoY increase in the first quarter of FY22, posting a recovery of >92% of its corresponding pre-pandemic level (in the first quarter of FY20). Also, in FY21, India recorded a current account surplus of 0.9% of the GDP. The growth in the economic recovery is due to the government's continued efforts to accelerate vaccination coverage among citizens. This also provided an optimistic outlook to further revive industrial activities.

As per RBI's revised estimates for July 2021, the real GDP growth of the country is estimated at 21.4% for the first quarter of FY22. The increase in the tax collection, along with the government's budget support to states, strengthened the overall growth of the Indian economy.

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030. In line with this, in May 2021, India, along with the UK, jointly launched a 'Roadmap 2030' to collaborate and combat climate change by 2030.

India is expected to be the third-largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to a shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass the USA to become the second-largest economy in terms of purchasing power parity (PPP) by 2040, as per a report by PricewaterhouseCoopers.

Source: *https://www.ibef.org/economy/indian-economy-overview*

INDIAN REAL ESTATE SECTOR

Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

In India, the real estate sector is the second-highest employment generator, after the agriculture sector. It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

ADVANTAGE INDIA

Increasing Investments

- Driven by increasing transparency and returns, there’s a surge in private investment in the sector.

- In the first-half of 2021, India registered investments worth US$ 2.4 billion into real estate assets, a growth of 52% YoY.

- Construction is the third-largest sector in terms of FDI inflow. FDI in the sector (including construction development & activities) stood at US$ 52.48 billion between April 2000-December 2021.

Robust Demand

- According to Savills India, real estate demand for data centres is expected to increase by 15-18 million sq. ft. by 2025.

- Demand for residential properties has surged due to increased urbanisation and rising household income. India is among the top 10 price appreciating housing markets internationally.

- Organised retail real estate stock is expected to increase by 28% to 82 million sq. ft. by 2023.

Increasing Investment

- Rising international real estate development is expected to provide potential growth opportunity to the Indian market. For example, an MoU signed between J&K and the Government of Dubai (in October 2021) for the development of real estate projects (such as industrial parks, IT towers and super specialty hospitals) is expected to boost growth in the union territory.

- As per ICRA estimates, Indian firms are expected to raise >Rs. 3.5 trillion (US$ 48 billion) through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US$ 29 billion to date.

- Private market investor, Blackstone, which has significantly invested in the Indian real estate sector (worth Rs. 3.8 lakh crore (US$ 50 billion), is seeking to invest an additional Rs. 1.7 lakh crore (US$ 22 billion) by 2030.

Policy Support

- The Government has allowed FDI of up to 100% for townships and settlements development projects.

- Under the 'Housing for All' scheme, 20 million houses are to be built by 2022, GST rate is brought down to 5%.

- Under Union Budget 2021-22, tax deduction up to Rs. 1.5 lakh (US$ 2069.89) on interest on housing loan, and tax holiday for affordable housing projects have been extended until the end of fiscal 2021-22.

SEGEMNTS IN INDIAN REAL ESTATE SECTOR

Residential space

- According to India Ratings and Research (Ind-Ra), the Indian real estate sector may stage a sharp K-shaped recovery in FY22. However, the overall sales in FY22 could still be ~14% lower than FY20 numbers.

- India's real estate sector saw over 1,700 acres of land deals in top 7 cities in one year.

Commercial space

- Few players with presence across India.

- Foreign investments in the commercial real estate sector was at US$ 10.3 billion between 2017-21.

Retail space

- FDI in multi-brand retail to boost demand.

- Retail real estate and warehousing segment attracted private equity (PE) investments of US$ 220 million and US$ 971 million, respectively, in 2020.

- Retail would add up more 39 million square feet of space by 2022.

Hospitality space

- Hotel room supply in the country increased 5.4% y-o-y in FY19, totalling to 133,359 rooms at the end of FY19.

- The sector is likely to attract an annual investment between US$ 0.5-0.6 billion during 2018-2022, with total investment reaching US$ 2.8 billion by 2022.

SEZs

- As of February 2022, developers expect demand for office spaces in SEZs to shoot up after the replacement of the existing SEZs act.

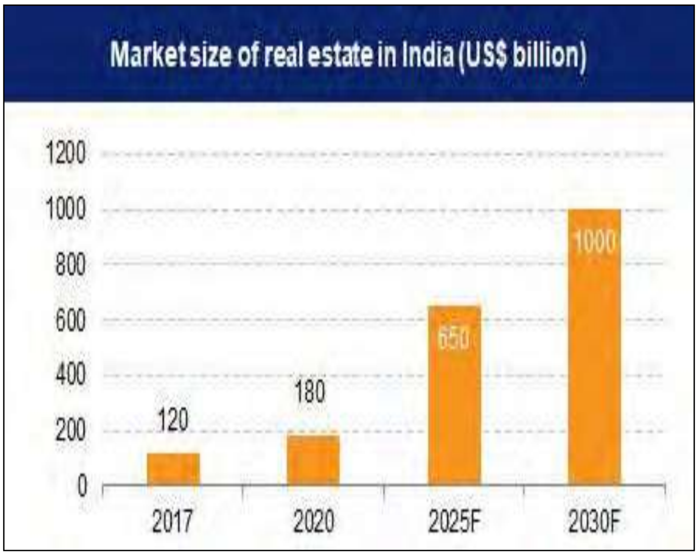
- As of June 30, 2021, India formally approved 427 SEZs.

- As of March 31, 2021, 265 SEZs were operational.

Source: https://www.ibef.org/download/1650542014_Real-Estate-Feb-2022-min.pdf

Market Size

By 2040, real estate market will grow to Rs. 65,000 crore (US$ 9.30 billion) from Rs. 12,000 crore (US$ 1.72 billion) in 2019. Real estate sector in India is expected to reach US$ 1 trillion in market size by 2030, up from US$ 200 billion in 2021 and contribute 13% to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.



India's real estate sector saw over 1,700 acres of land deals in the top 7 cities in 1 year. Foreign investments in the commercial real estate sector were at US$ 10.3 billion from 2017-21. As of February 2022, Developers expect demand for office spaces in SEZs to shoot up after the replacement of the existing SEZs act.

As per ICRA estimates, Indian firms are expected to raise >Rs. 3.5 trillion (US$ 48 billion) through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US$ 29 billion to date.

The office market in the top eight cities recorded transactions of 22.2 msf from July 2020 to December 2020, whereas new completions were recorded at 17.2 msf in the same period. In terms of share of sectoral occupiers, Information Technology (IT/ITeS) sector dominated with a 41% share in the second half of 2020, followed by BSFI and Manufacturing sectors with 16% each, while Other Services and Co-working sectors recorded 17% and 10%, respectively.

Around 40 million square feet were delivered in India in 2021. It is expected that the country will have a 40% market share in the next 2-3 years. India is expected to deliver 46 million square feet in 2022.
According to Savills India, real estate demand for data centres is expected to increase by 15-18 million sq. ft. by 2025.

In 2020, the manufacturing sector accounted for 24% of office space leasing at 5.7 million square feet. SMEs and electronic component manufacturers leased the most between Pune, Chennai and Delhi NCR, followed by auto sector leasing in Chennai, Ahmedabad and Pune. The 3PL, e-commerce and retail segments accounted for 34%, 26% and 9% of office space leases, respectively. Of the total PE investments in real estate in Q4 FY21, the office segment attracted 71% share, followed by retail at 15% and residential and warehousing with 7% each.

India's gross leasing volume in the top 8 cities stood at 16.2 this was 12.4% quarter to quarter growth in 2021. India's net absorption of the office market stood at 11.56 million square feet in quarter four of 2021. This was an 86% rise QoQ.

Between July 2021 and September 2021, a total of 55,907 new housing units were sold in the eight micro markets in India (59% YoY growth).

In the third quarter of 2021 (between July 2021 and September 2021), new housing supply stood at ~65,211 units, increased by 228% YoY across the top eight cities compared with ~19,865 units launched in the third quarter of 2020.

In 2021-22, the commercial space is expected to record increasing investments. For instance, in October 2021, Chintels Group announced to invest Rs. 400 crore (US$ 53.47 million) to build a new commercial project in Gurugram, covering a 9.28 lakh square feet area.

According to the Economic Times Housing Finance Summit, about 3 houses are built per 1,000 people per year compared with the required construction rate of five houses per 1,000 population. The current shortage of housing in urban areas is estimated to be ~10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

Investments/Developments

Indian real estate sector has witnessed high growth in the recent times with rise in demand for office as well as residential spaces. According to Colliers India, a property consultant, institutional investments in the Indian real estate sector are expected to increase by 4% to reach Rs. 36,500 crore (US$ 5 billion) in 2021, driven by rising interest of investors towards capturing attractive valuations amid the pandemic. According to a recent report by Colliers India, private equity investments in Indian real estate reached US$ 2.9 billion in the first half of 2021, which was a >2x increase from the first half in 2020.

Exports from SEZs reached Rs. 7.96 lakh crore (US$ 113.0 billion) in FY20 and grew ~13.6% from Rs. 7.1 lakh crore (US$ 100.3 billion) in FY19.

In July 2021, the Securities and Exchange Board of India lowered the minimum application value for Real Estate Investment Trusts from Rs. 50,000 (US$ 685.28) to Rs. 10,000-15,000 (US$ 137.06 - US$ 205.59) to make the market more accessible to small and retail investors.

According to the data released by Department for Promotion of Industry and Internal Trade Policy (DPIIT), construction is the third-largest sector in terms of FDI inflow. Construction is the third-largest sector in terms of FDI inflow. FDI in the sector (including construction development & activities) stood at US$ 52.48 billion between April 2000 to December 2021.

Some of the major investments and developments in this sector are as follows:

- Between January 2021 and September 2021, private equity investment inflows into the real estate sector in India stood at US$ 3.3 billion.
- Home sales volume across seven major cities in India surged 113% YoY to reach ~62,800 units in the third quarter 2021, from 29,520 units in the same period last year, signifying healthy recovery post the strict lockdown imposed in the second quarter due to the spread of COVID-19 in the country.
- In the third quarter of 2021, the Institutional real estate investment in India increased by 7% YoY. Investment registered in the first nine months of 2021 stood at US$ 2,977 million, as against US$ 1,534 million in the same period last year.
- In November 2021, Ascendas India bought Aurum Ventures' 16-storey commercial tower in Navi Mumbai for Rs. 353 crore (US$ 47 million), making it the largest deal of a standalone commercial tower by a global institutional investor during the past few years.

- REA India-owned online real estate company Housing.com tied up with online legal assistance start-ups LegalKart, Lawrato, Vidhikarya and Vakil in 2021 to offer legal advice and assistance to homebuyers.
- Top three cities—Mumbai (~39%), NCR-Delhi (~19%) and Bengaluru (~19%)—attracted ~77% of the total investments recorded in the third quarter of 2021.

- India's flexible space stock is likely to expand by 10-15% YoY, from the current 36 million sq. ft., in the next three years, according to a report by CBRE.

- To establish an investment platform for the Indian retail-led mixed-use assets, in June 2021, GIC announced to acquire a minority stake in Phoenix Mills' portfolio (worth US$ 733 million).

- In May 2021, Blackstone Real Estate acquired Embassy Industrial Parks for Rs. 5,250 crore (US$ 716.49 million) to expand its presence in the country.

- To expand into the Indian real estate market, SRAM & MRAM Group collaborated with Area CAS Developers and Infrastructure Private Limited (Area Group), and Gupta Builders and Promoters Private Limited (GBP Group) of India. It plans to invest US$ 100 million in the real estate sector.

- According to Anarock, housing sales in seven cities increased by 29% and new launches by 51% in Q4 FY21 over Q4 FY20.

- Private market investor, Blackstone, which has significantly invested in the Indian real estate sector (worth Rs. 3.8 lakh crore (US$ 50 billion) is seeking to invest an additional Rs. 1.7 lakh crore (US$ 22 billion) by 2030.

- In 2021, working remotely is being adopted at a fast pace and demand for affordable houses with ticket size below Rs. 40-50 lakh is expected to rise in Tier 2 and 3 cities, leading to an increase in prices in those geographies.

- In April 2021, HDFC Capital Advisors (HDFC Capital) partnered with Cerberus Capital Management (Cerberus) to create a platform that will focus on high-yield opportunities in the residential real estate sector in India. The platform seeks to purchase inventory and provide last-mile funding for under construction residential projects across the country.

- In March 2021, Godrej Properties announced it would launch 10 new real estate projects in Q4.

- In March 2021, Godrej Properties increased its equity stake in Godrej Realty from 51% to 100% by acquiring equity shares from HDFC Venture Trustee Company.

- In January 2021, SOBHA Limited's wholly owned subsidiary, Sabha Highrise Ventures Pvt. Ltd. acquired 100% share in Annalakshmi Land Developers Pvt. Ltd.

Government Initiatives

Government of India along with the governments of respective States has taken several initiatives to encourage development in the sector. The Smart City Project, with a plan to build 100 smart cities, is a prime opportunity for real estate companies. Below are some of the other major Government initiatives:

- In October 2021, the RBI announced to keep benchmark interest rate unchanged at 4%, giving a major boost to the real estate sector in the country. The low home loan interest rates regime is expected to drive the housing demand and increase sales by 35-40% in the festive season in 2021.

- Under Union Budget 2021-22, tax deduction up to Rs. 1.5 lakh (US$ 2069.89) on interest on housing loan, and tax holiday for affordable housing projects have been extended until the end of fiscal 2021-22.

- The Atmanirbhar Bharat 3.0 package announced by Finance Minister Mrs. Nirmala Sitharaman in November 2020 included income tax relief measures for real estate developers and homebuyers for primary purchase/sale of residential units of value (up to Rs. 2 crore (US$ 271,450.60) from November 12, 2020 to June 30, 2021).

- In order to revive around 1,600 stalled housing projects across top cities in the country, the Union Cabinet has approved the setting up of Rs. 25,000 crore (US$ 3.58 billion) alternative investment fund (AIF).
- Government has created an Affordable Housing Fund (AHF) in the National Housing Bank (NHB) with an initial corpus of Rs. 10,000 crore (US$ 1.43 billion) using priority sector lending short fall of banks/financial institutions for micro financing of the HFCs.

- As of January 31, 2021, India formally approved 425 SEZs, of which 265 were already operational. Most special economic zones (SEZs) are in the IT/ BPM sector.

Road Ahead

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform, which will allow all kind of investors to invest in the Indian real estate market. It would create an opportunity worth Rs. 1.25 trillion (US$ 19.65 billion) in the Indian market in the coming years. Responding to an increasingly well-informed consumer base and bearing in mind the aspect of globalisation, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family-owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralised processes to source material and organise manpower and hiring qualified professionals in areas like project management, architecture and engineering.

The residential sector is expected to grow significantly, with the central government aiming to build 20 million affordable houses in urban areas across the country by 2022, under the ambitious Pradhan Mantri Awas Yojana (PMAY) scheme of the Union Ministry of Housing and Urban Affairs. Expected growth in the number of housing units in urban areas will increase the demand for commercial and retail office space.

The current shortage of housing in urban areas is estimated to be ~10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

The growing flow of FDI in Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards. Indian real estate is expected to attract a substantial amount of FDI in the next two years with US$ 8 billion capital infusion by FY22.

Note: *Conversion rate used in October 2021, Rs. 1 = US$ 0.013*

Source: https://www.ibef.org/industry/real-estate-india

OUR BUSINESS

*Some of the information in this section, 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 21, for a discussion of the risks and uncertainties related to those statements, as well as **"Restated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations"** on pages 84 and 151, 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 section is derived from our Restated Financial Statements.*

Overview

Our company was originally incorporated on March 07, 1977 as a Private Limited Company under the name and style of ***Thambi Modern Spinning Mills Private Limited*** under the provisions of the Companies Act, 1956 with the Registrar of Companies, Tamilnadu. Subsequently, our company became a deemed Public Limited Company vide passing resolutions in terms of Section 43A (4) of the Companies Act, 1956 with effect from June 15, 1988 and a full-fledged Public Limited Company on March 11, 1994 and name of the company was changed to ***Thambi Modern Spinning Mills Limited***. Further, our company has changed its name to ***Thambbi Modern Spinning Mills Limited*** by passing the resolutions in terms of Section 21 of the Companies Act, 1956 pursuant to issuance of Fresh Certificate of Incorporation dated May 06, 1994 by Registrar of Companies, Tamilnadu, Coimbatore. The Corporate Identification Number of our company L17111TZ1977PLC000776.

Our Company was promoted by Mr. N. Ramasamy Udayar and originally was engaged in the business of spinning and weaving of different type of fibers and yarns. It also involves in the trading of cotton and yarns. However, the textile manufacturing activity was closed in the year March 2014 and lease out its buildings to earn rental income.

We work under the guidance of our Promoter and Managing Director, Mr. Ramasamy Udayar Jagadeesan, who has an experience of more than three (03) decades in the textile industry and been associated with our Company since its incorporation and is one of our founding members. Also, he gains experience in the real estate market by letting the existing facilities and developing the properties. He has been looking after the day-to-day business operations, growth and future prospects of our company.

Our restated revenues from operations for Fiscals 2022, 2021, 2020 and three-months period ended June 30, 2022 were ₹ 221.08 lakhs, ₹ 166.78 lakhs, ₹ 191.26 lakhs, and ₹ 73.10 lakhs respectively. Our restated EBITDA for the Fiscals 2022, 2021 2020 and three-months period ended June 30, 2022 were ₹ (91.71) lakhs, ₹ 126.66 lakhs, ₹ 47.41 lakhs, and ₹ 35.80 lakhs, respectively. Our restated profit / (loss) after tax for Fiscals 2022, 2021, 2020 and three-months period ended June 30, 2022 were ₹ (510.33) lakhs, ₹ (164.62) lakhs, ₹ (218.23) lakhs and ₹ (17.14) lakhs, respectively. For further details, please refer to the section titled ***"Financial Information***" on page 84 of this Draft Letter of Offer.

In the year 1994, our Company pursuant to an initial public offering of 14,50,000 Equity Shares of face value of ₹10/- each at an issue price of ₹ 50/-per Equity Shares aggregating to ₹ 725.00 lacs, listed its Equity Shares on BSE. The market capitalization (full float) of our Company as at March 31, 2022 was ₹ 512.89 Lakhs.

Our Competitive Strengths

Experienced Management Team

Our management team is experienced in the real estate industry in which we are operating since 2014 and has been responsible for the growth of our operations and financial performance. Our Promoter, R. Jagadeesan leads the company with their vision. They are having an adequate experience in the line of the business undertaken by the Company and look after the strategic as well as day to day business operations. The strength and entrepreneurial vision of our Promoter and management have been instrumental in driving our growth and implementing our strategies. We believe that the experience of our management team and it is in depth understanding of the real estate market in the region will enable us to continue to take advantage of both current and future market opportunities.

Existing Buildings are leased out to earn rental income

Our company existing textile building located in Omalur Road, Jagir Ammapalayam, Salem along the Salem – Bangalore National Highway (NH-7) are lease out to Showrooms and Godowns to customers including Golden Hyundai, Paragon Polymers Products Pvt. Ltd. and Maha Cements and the land located in Udayapatty, Salem also leased out for Paragon Polymer Products Pvt Ltd., for Godown purpose to earn rental income. This site is considered one of the preferred growth corridors of Salem due to easy access to upcoming IT SEZ and close proximity to Salem City.

Our Business Strategy

Develop further letting out business according to requirements.

The site is located along NH-7 (Salem-Bangalore Highway), which is one of the most preferred growth corridors of Salem, making it a desired location for any commercial development. The site has easy access to upcoming ELCOT IT SEZ and near Salem City. The subject site region is an emerging development hub to cater to the IT employees. Site has excellent connectivity and is accessible via NH 7 and secondary access road. Close proximity to Airport and Salem Junction is an added advantage. Salem Bus Terminus is only 3.5 kms. Salem Junction is only 3 kms and Salem Airport is only 15 kms. Industrial Region with a number of Large, medium and small industrial units. Industrial land is the highest use. Hence any kind of development is permissible. Further, the vacant land situated in Udayapatty in Salem which is close to Chennai Highway and Industrial area shall be used to develop for residential plots and commercial projects, School and College.

Key Business Process

Since 2014, we are in the leasing out of Existing building and do the construction as per the requirement, primarily based out of and operating in the Salem City, Tamilnadu specifically in the outer area of City. We believe that the success of any project is mainly dependant on its location and construction quality, Timely delivery and therefore, we have established a systematic process for our construction projects from project planning & regulatory approvals, project execution and to customer marketing.

Project Planning & Regulatory Approvals

The project planning and execution process commences with a detailed budget finalisation and obtaining of requisite statutory and regulatory approvals, including environmental approvals, the approval of building plans and layout plans. We coordinate with and engage third party design firms and architects for our projects. This is a fairly important step as the designing of projects which are huge and complex; require specific technical expertise from drawing stage to obtaining the necessary regulatory approvals. The design team primarily carries out measurements & verifications of the boundaries of the plot to ensure the exact developable area, considering various regulatory requirements. Our emphasis is on use of advanced technologies like computer aided design software to ensure optimisation of costs and space.

Design Development

Once Requisite approvals are taken and Project Planning is done, we engage third party contractors. We coordinate with the design firms and architects for our projects. We hire third parties, to design projects which are complex and require specific technical expertise and to design specific high-end projects. We also have in-house design and project management teams that are responsible for designing, budgeting, planning, contracting, and tracking the execution of projects. In addition, we also engage other external consultants for the planning of our projects. The designing and architect firms and structural consultants are engaged by us separately for each project and are particular to the project. The work performed by these third parties must comply with specifications provided by us and, in all cases, is subject to our review.

Construction and Execution

For execution of the project, we rely on external contractors for the construction of projects. Our Company looks at the experience of the proposed subcontractor in similar works done by them and the also the financial soundness of the party. Other factors which are considered by us while selecting subcontractors are: -

The employee strength of the proposed subcontractor i.e., number of technical persons who are experienced in the similar type of work.

The equipment & machinery which is used for execution of the said work, technical know-how, particularly in using the state-of-the-art equipment and machinery for optimization of all resources invested towards the execution of the work.

Marketing and Sales

The marketing of any project begins primarily with defining the target audience, i.e., project positioning. Accordingly, our marketing team devises various marketing techniques which include digital media, social media, outdoor advertising, etc.

The next important step is to ensure that our brand **"TMS"** is well recognised and hence, the brand positioning is an important aspect for customer recall and word of mouth publicity. A comprehensive marketing campaign is finalised by our senior management after taking into consideration the existing market scenarios.

Collaborations

The Company has so far not entered into any technical or financial collaboration agreement

Installed Capacity and Capacity Utilisation

Since our Company is not involved in any manufacturing activities, installed capacity and capacity utilisation is not applicable to us.

Revenue Break-up

Our revenue break-up on restated financial statements which the years ending March 31, 2022, 2021, 2020 and for the three-month period ended June 30. 2022 is as follows:

(₹ in lakhs)

Sr. No	Particular	Three-month period ended June 30, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
1	Rent Receipts	73.10	221.08	166.78	191.26
2	Other Income	0.98	1.83	81.41	1.29
	Total	**74.08**	**222.91**	**248.19**	**192.55**

Our Major Customers

The following is the revenue breakup on restated financial statements of the top five of our Company for the period mentioned as follows:

(₹ in lakhs)

Particulars	As on period ended June 30, 2022		As on March 31, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Top 5 Customers	66.60	91.11%	211.97	95.88%

Utilities:

Power

Electricity at Omalur Road, Jagir Ammapalayam, Salem Site: At present there is 300 KVA power available. In future for any expansion, we can get new connection from the TANGEDCO.

Electricity Udayapatty, Salem site: At present there is 100 KVA power available, in future for any expansion we can get new connection from the TANGEDCO.

Water

For all the site, we have sufficient Ground water available for current use and sufficient for any future development.

Insurance

Our operations are subject to various risks inherent in the real estate rental industry. We have obtained insurance in order to manage the risk of losses from potentially harmful events, including: (i) insurance policy covering fire, damage to buildings, and other policies as required. These insurance policies are renewed periodically to ensure that the coverage is adequate. In addition, the insurance companies regularly deploy its team for insurance surveys to help us identify insurable interests and mitigate future risks. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. Please refer to the heading titled ***"Risk Factors"*** beginning on page 21 of this Draft Letter of Offer.

Human Resources

We believe that our employees are key contributors to our business success. As on September 30, 2022, we have 17 employees including our directors, who look after our business operations, factory management administrative, secretarial, marketing and accounting functions in accordance with their respective designated goals.

For the construction, we employ contractual labour, which saves us the hassle of dealing with the labour on day-to-day basis and helps us to get labour as per our requirement. We hire contract labourers depending on various factors like the location, size, duration, etc. and have several contractors providing good labour at competitive prices.

Health and Safety

We are committed to complying with applicable health, safety and environmental regulations and other requirements in our operations. To help ensure effective implementation of our safety policies and practices, at the beginning of every property development we identify potential material hazards, evaluate material risks and institute, implement, and monitor appropriate risk mitigation measures. We believe that accidents and occupational health hazards can be significantly reduced through the systematic analysis and control of risks and by providing appropriate training to management, employees, and sub-contractors.

We are subject to various mandatory national, state, and municipal environmental laws and regulations. Our operations are also subject to inspection by government officials about various environmental issues, and we are required to obtain clearance in respect of each of our projects.

Intellectual Property Rights

As on the date of this Draft Letter of Offer, our Company logo , is not registered under the Trademark Act, 1999.

Immovable Property

Details of our Company owned properties as mentioned below:

Sr. No	Location of Properties	Survey No	Land in Acres	Built up area	Occupied by	Vacant Land in Acres
1	Omalur Road, Jagir Ammapalayam, Salem – 636 302 (Item-I)	202/1	0.53	0.07	Sree Jayajothi Cements Pvt Ltd	0.46
		203/1L	1.30	0.46	Paragon Polymers Products Pvt Ltd	0.84

Sr. No	Location of Properties	Survey No	Land in Acres	Built up area	Occupied by	Vacant Land in Acres
		206/1	1.10	0.07	The Ganapathy Traders	1.03
		206/3	1.90	1.32	• Golden Hyundai, • Coffeeday Global, • IDDPL, • Saffire Foods, • Royaloak Furniture's	0.58
2.	Udayapatty, Salem – 636 140 (Item - II)	418/3A	1.05	0.81	Paragon Polymers Products Pvt Ltd	0.24
		418/1	0.58			0.58
		418/2	0.70			0.70
3	Udayapatty, Salem – 636 140 (Item - III)	419/1	0.19		Paragon Polymers Products Pvt Ltd	0.19
		404/4	0.27			0.27
		404/3	0.30			0.30
		403/3	1.78	0.92		0.86

OUR MANAGMENT

Our Board of Directors

Our Articles of Association require us to have not less than three (03) and not more than fifteen (15) Directors. As on date of this Draft Letter of Offer, we have four (04) Directors on our Board, which includes, one (01) Managing Director, one (01) Non – Executive Director, who is also the woman director and two (02) Independent Directors.

Set forth below are details regarding our Board as on the date of this Draft Letter of Offer:

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
Ramasamy Udayar Jagadeesan **DIN:** 01153985 **Date of Birth:** June 18, 1948 **Designation:** Chairman and Managing Director **Address:** 3/80 B, New Fairlands, Salem – 636 016, Tamil Nadu, India. **Occupation:** Professional **Term:** For a period of three (03) years w.e.f. April 01, 2022 and liable to retire by rotation. **Nationality:** Indian	74	i. Sunrise Jewelleries Private Limited; ii. Jagdeesh Apartments Private Limited; iii. Vanpugazh Private Limited; iv. Rajalakshmi Resources Private Limited.
Malathi Jagadeesan **DIN:** 00153952 **Date of Birth:** April 27, 1954 **Designation:** Non-Executive Director **Address:** 3/80 B, New Fairlands, Salem – 636 016, Tamil Nadu, India. **Occupation:** Business **Term:** Liable to retire by rotation **Nationality**: Indian	68	i. Sunrise Jewelleries Private Limited; ii. Jagdeesh Apartments Private Limited; iii. Vanpugazh Private Limited; and iv. Rajalakshmi Resources Private Limited.
Ashok Pukhraj Shah **DIN:** 01137579 **Date of Birth:** October 28, 1962 **Designation:** Independent Director	59	Nil

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
Address: Kavya Nilaya, Davanagere Road, opp. Jagalur Mahalingappa Tower, Chitradurga – 577 501, Karnataka, India. **Occupation:** Business **Term:** For a period of three (03) years w.e.f. August 28, 2020. **Nationality**: Indian		
Muthu Udayar Pugazhendhi **DIN:** 01137623 **Date of Birth:** June 25, 1965 **Designation:** Independent Director **Address:** 244, TNHB Colony Sanatorium, Tambaram, Kancheepuram – 600 047, Tamil Nadu, India. **Occupation:** Business **Term:** For a period of three (03) years w.e.f. August 28, 2020. **Nationality**: Indian	55	Nil

Brief Biographies of our Directors

Ramasamy Udayar Jagadeesan, aged 74 years, is the Chairman and Managing Director of our Company. He is also the Promoter and founding member of our Company and ensures effective functioning of our Company. He holds a bachelor's degree in commerce from University of Madras. He has experience of more than five decades in the textile and real estate industry.

Malathi Jagadeesan, aged 68 years, is the Non-Executive Director of our Company. She holds a bachelor's degree in science from University of Colombo. She has an experience of more than four decades in the textile industry.

Ashok Pukhraj Shah, aged 59 years, is the Independent Director of our Company. He holds a bachelor's degree in commerce from University of Mysore. He has an experience of more than three decades in the textile and cotton industry.

Muthu Udayar Pugazhendhi aged 55 years, is the Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from University of Madras. He has an experience of more than three decades in the textile industry.

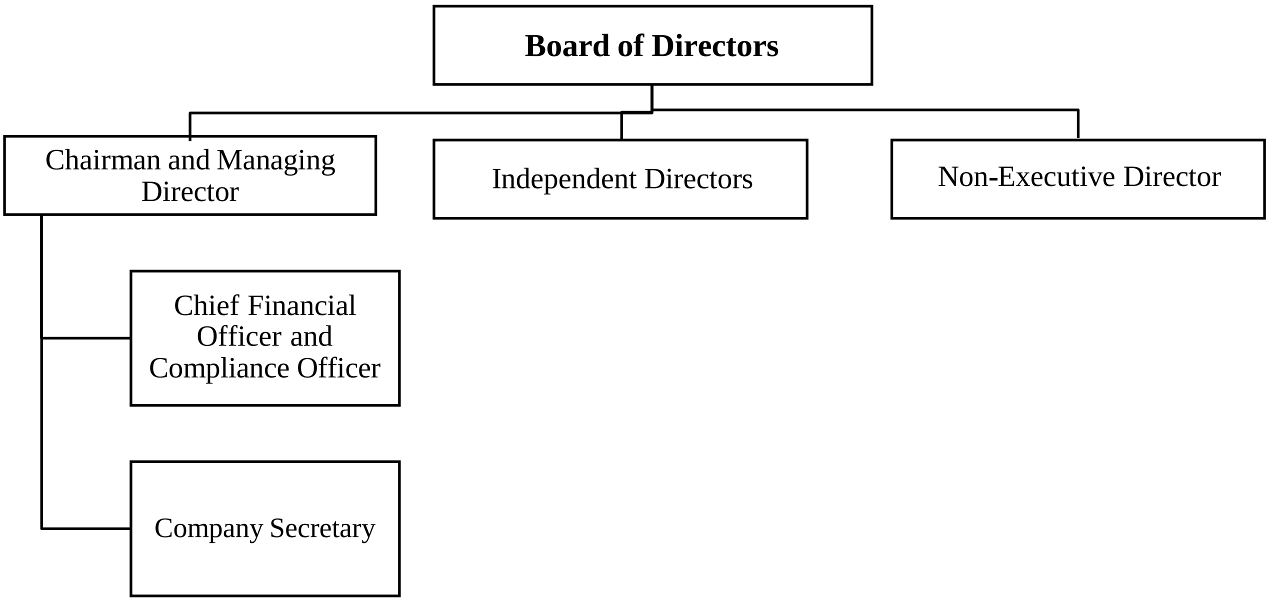
Confirmations

1. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Draft Letter of Offer, during the term of his/ her directorship in such company.

2. Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.

Management Organization Structure

Set forth is the organization structure of our Company:



Corporate Governance

Certain of the provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the applicable regulations, to the extent applicable, including the SEBI Listing Regulations, Companies Act and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

a) Audit Committee;
b) Stakeholders' Relationship Committee; and
c) Nomination and Remuneration Committee.

Details of each of these committees are as follows:

a. Audit Committee

Our Audit Committee was last reconstituted by our Board of Directors in their meeting held on August 05, 2022 with the following members forming a part of the said Committee:

Sr. No.	Name of Member	Designation
1.	Muthu Pugazhendhi	Chairman

Sr. No.	Name of Member	Designation
2.	Ashok Pukhraj Shah	Member
3.	Malathi Jagadeesan	Member

The Company Secretary acts as the secretary of the Audit Committee.

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2) Recommending fixation of audit fees to the Board.

3) Approval of payment to auditors for any other services rendered by the Statutory Auditors.

4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

    a) Matters required to be included in the Directors' Responsibility Statement to be included in the board's report;
    b) Changes, if any, in accounting policies and practices and reasons for the same;
    c) Major accounting entries involving estimates based on the exercise of judgment by management;
    d) Significant adjustments made in the financial statements arising out of audit findings;
    e) Compliance with listing and other legal requirements related to financial statements;
    f) Disclosure of any related party transactions; and
    g) Modified opinion(s) in the draft audit report.

5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6) Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.

7) Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage, and frequency of internal audit.

8) Discussion with Internal Auditors and/or Auditors of any significant findings and follow-up thereon.

9) Discussions with Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.

10) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

11) To review functioning of the Whistle Blower Mechanism.

12) To review the follow-up action on audit observations of the Comptroller & Auditor General of India (C&AG) audit.

13) Provide an open avenue of communication between the Independent Auditors, Internal Auditor and the Board of Directors.

14) Approval or any subsequent modification of transactions of the Company with related parties.

15) Review with the Independent Auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.

As required under the SEBI Listing Regulations, the Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings and the quorum for each meeting of the Audit Committee shall be two members or one third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

b. Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was last reconstituted on April 06, 2022. The members of the said Committee are as follows:

Sr. No.	Name of Member	Designation
1.	Malathi Jagadeesan	Chairman
2.	Muthu Pugazhendhi	Member
3.	Ashok Pukhraj Shah	Member

The Company Secretary acts as the secretary of the Stakeholders Relationship Committee.

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations and the terms of reference, powers and scope of the Stakeholders Relationship Committee of our Company include:

1) Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

2) Review of measures taken for effective exercise of voting rights by shareholders;

3) Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent;

4) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensure timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and

5) To Carry out any other function, as required under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

As required under the SEBI Listing Regulations, the Stakeholders Relationship Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the security holders. The quorum of the meeting shall be either two members or one third of the members of the committee whichever is greater, including at least one independent director in attendance.

c. Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was last reconstituted by our Board of Directors in their meeting held on May 04, 2022 with the following members

Sr. No.	Name of Member	Designation
1.	Ashok Pukhraj Shah	Chairman
2.	Muthu Pugazhendhi	Member
3.	Malathi Jagadeesan	Member

The Company Secretary acts as the secretary of the Nomination and Remuneration Committee.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations and the terms of reference, powers and role of our Nomination and Remuneration Committee are as follows:

1) To formulate the criteria for determining positive attributes and independence of a Director;
2) To recommend distribution of the annual bonus/Performance Related Pay (PRP) and policy for its distribution across the Board and below Board level employees including key managerial personnel;
3) To formulate the criteria for evaluation of independent directors and the board;

4) To devise a policy on board diversity;
5) To identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the board their appointment and removal;
6) To examine and recommend other allowances and perks, etc. to the Board of Directors for approval;
7) To recommend to the board, all remuneration, in whatever form, payable to senior management; and
8) To carry out any other function as may be required under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

As required under the SEBI Listing Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one independent director in presence.

Additionally, our Company has constituted various operational committees such as the Rights Issue Committee.

Our Key Managerial Personnel

In addition to our Managing Director, whose details have been provided under paragraph above titled ***'Brief Profile of our Directors'***, set forth below are the details of our Key Managerial Personnel as on the date of filing of this Draft Letter of Offer:

Rajasekaran Ponnappan, aged 67 years, is the Chief Financial Officer and Compliance Officer of our Company. He holds a bachelor's degree in commerce from University of Madras. He has been associated with our Company since 2015 in the capacity of Chief Financial Officer and Compliance Officer. In the past, he has served in Salem Textiles Limited as an Account Manager.

Mohan Uma Maheshwari, aged 32 years, is the Company Secretary of our Company. She holds a bachelor's degree in business administration from Ethiraj College for Women and master's degree in business administration (finance) from Anna University. She is also an associate of the Institute of Company Secretaries of India and has been associated with our Company since 2021 in the capacity of our Company Secretary. In the past, she has served as secretarial executive in M/s. S. Danapal & Associates.

All our Key Managerial Personnel are permanent employees of our Company.

None of our Key Managerial Personnel are entitled to receive any termination or retirement benefits.

Relationship of Key Managerial Personnel with our Key Managerial Personnel

None of the key managerial personnel are related to each other.

OUR PROMOTERS

Our Promoter is Ramasamy Udayar Jagadeesan. As on date of this Draft Letter of Offer, our Promoters holds, 32,84,995 Equity Shares, constituting 57.00% of our issued, subscribed and paid-up equity share capital, respectively.

Our Company confirms that the permanent account number, bank account number and passport number of our Promoter shall be submitted to the Stock Exchange at the time of filing this Draft Letter of Offer.

For details of the educational qualifications, experience, other directorships, positions / posts held by our Promoter, please see the chapter titled **"*Our Management*"** on page 75 of this Draft Letter of Offer.

Confirmations

1. None of our Promoter or members of our Promoter Group have been declared as wilful defaulters or fradulent borrower by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

2. Our Promoter has not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

3. None of our Promoter or Promoter Group entities have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoter and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

4. There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, during the last three Fiscals, as per the requirements under the relevant accounting standards and as reported in the Restated Financial Information, see section titled ***"Financial Information"*** at page 82 of this Draft Letter of Offer.

DIVIDEND POLICY

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

There are no dividends declared by our Company since incorporation.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL STATEMENTS

(The remainder of this page has been intentionally left blank)

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW THE INTERIM CONDENSED FINANCIAL STATEMENTS

Review Report to
The Board of Directors
Thambbi Modern Spinning Mills Limited
Omalur Road, Jagir Ammapalayam,
Salem – 636302.

Dear Sirs,

1. We have reviewed the accompanying Statement of Unaudited Interim Condensed Financial Results of **M/s. Thambbi Modern Spinning Mills Limited** (the **"Company"**) which comprises of the interim condensed balance sheet as on June 30, 2022, the related interim condensed statement of profit and loss, including the statement of other comprehensive income, the interim condensed cash flow statement and the interim condensed statement of changes in equity for the quarter ended June 30, 2022 and a summary of selected explanatory notes for the quarter ended June 30, 2022 (collectively, referred to as the **"Interim Condensed Financial Statements"**).

2. Management is responsible for the preparation and presentation of these Interim Condensed Financial Statements in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (**Ind AS 34**) "Interim Financial Reporting" prescribedunder 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 Interim Condensed Financial Statements based on our review.

3. We conducted our review of the Interim Condensed Financial Statements 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 Interim Condensed Financial Statements 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.

4. Based on our review conducted as above and consideration of the review reports of auditors of the Company, nothing has come to our attention that causes us to believe that the Interim Condensed Financial Statements are not prepared, in all material respects 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.

5. We report that the amounts and explanatory notes appearing in the accompanying Interim Condensed Financial Statements for the corresponding quarter ended June 30, 2022 are based on the management certified financial statements of the Company and have not been subjected to any review by us. We have performed limited review of the financial results of the Company for the quarter ended June 30, 2022 in accordance with the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 as amended on which we had issued an unmodified conclusion dated August 5, 2022.

6. We report that the amounts and explanatory notes appearing in the accompanying Interim Condensed Financial Statements in respect of Balance sheet as at March 31, 2022 are based on the audited financial statements of the Company as at and for the year ended March 31, 2022, on which we had issued unmodified audit opinion dated May 4, 2022.

ABNJ & CO. FRN-121677W Chartered Accountants

Kindly include the Point that the June Quarter report is prepared by other auditors based on the same restated unaudited for the quarter ended June 30, 2022 is prepared and approved by the board of director dated:05/08/2022

For ABNJ & CO.
Chartered Accountants
ICAI Firm registration number: 121677W

Nilesh Mundada
Partner
Membership No.: 131013

UDIN: 22131013AZIBBD2646

Place: Mumbai
Date: 11 October 2022

Thambbi Modern Spinning Mills Limited

Interim Condensed Balance Sheet as at June 30, 2022

	Notes	June 30,2022	March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,252.86	1,078.30
Capital work in progress	2	-	198.61
Other intangible assets	2	-	-
Long Term Loans & Advances	3	10.33	10.38
Other non-current Assets	4	10.96	10.96
Deferred tax assets (net)	5	0.18	0.18
		1,274.33	**1,298.43**
Current assets			
Financial Assets			
Trade receivables	6	86.01	93.07
Cash and cash equivalents	7	92.97	35.97
Others Current Financial Asset	8	2.08	2.01
Current Tax Assets (Net)	9	29.25	34.18
		210.31	**165.23**
Total assets		**1,484.64**	**1,463.66**
EQUITY and LIABILITIES			
Equity			
Equity share capital	10	576.28	576.28
Other equity	11	-1,537.73	-1,520.59
Equity attributable to equity holders of the parent		**-961.45**	**-944.31**
Non-controlling interests		-	-
Total equity		**-961.45**	**-944.31**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	12	1,766.75	1,800.61
Lease liabilities	-	-	-
Other financial liabilities	13	189.14	188.14
Provisions	-	-	-
		1,955.89	**1,988.75**
Current liabilities			
Financial liabilities			
Trade payables	14	149.89	176.62
Total outstanding dues of micro, small and medium enterprises		-	-
Total outstanding dues of creditors other than micro, small and medium enterprises		-	-
Lease liabilities	-	-	-
Other financial liabilities	15	340.31	242.60
		490.20	**419.22**
Total equity and liabilities		**1,484.64**	**1,463.66**

Summary of significant accounting policies

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

As per our report of even date

For ABNJ & CO.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountant

Nilesh Mundada
Partner
Membership no.: 13101[illegible]

Place: Mumbai
Date:

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R. Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Thambbi Modern Spinning Mills Limited

Interim Condensed Financial Summary Statement of Profit and Loss for the period ended June 30, 2022

	Notes	For the period ended June 30, 2022	For the period ended June 30, 2021
I. Revenue			
Revenue from operation	16	73.10	46.60
Other income	17	0.98	-
Finance income	-	-	-
Total Revenue		**74.08**	**46.60**
II. Expenses			
Employee benefits expense	18	9.55	8.34
Depreciation and amortisation expense	-	13.33	16.20
Finance costs	19	39.61	30.84
Other expenses	20	28.73	19.10
Total expenses		**91.22**	**74.48**
Profit/(loss) before exceptional item and tax		**(17.14)**	**(27.88)**
Exceptional item			
-prior year Adjustment			
Restated Profit/(loss) before tax		**(17.14)**	**(27.88)**
Tax expense			
Current tax		-	-
Adjustment of tax relating to earlier periods		-	-
Deferred tax		-	
Total tax expense			
Profit/(loss) for the year		(17.14)	(27.88)
Other comprehensive income (OCI)		-	
Total comprehensive income/(loss) for the year, net of tax		(17.14)	(27.88)
Earnings Per Equity Share Rs. 10/- each fully paid (March 31, 2022: Rs. 10/- each fully paid)			
Computed on the basis of total profit/(loss) for the year/ period			
Basic (Rs.)		(0.30)	(0.48)
Diluted (Rs.)		(0.30)	(0.48)
Summary of Significant Accounting Policies			

The accompanying notes are an integral part of the financial statements

As per our report of even date

For ABNJ & CO.
Chartered Accountants
ICAI Firm registration number: 121677W

FRN-121677W

Nilesh Mundada
Partner
Membership no.: 131013

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R. Jagadeesan
Managing Director
DIN 01153985

M.Pugazhendhi
Director
DIN 01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Interim Condensed Financial Summary Statement of Changes in Equity for the period ended June 30, 2022

a. Equity Shares of Rs.10/- Each (March 31, 2022: Rs.10/- each), subscribed and fully paid up	Number of shares	Rs. In Lakhs
As at April 1, 2022	57,62,770	576.28
Increase/(decrease) during the year	-	-
At March 31, 2022	57,62,770	576.28
Increase/(decrease) during the period	-	-
At June 30, 2022	57,62,770	576.28

II. Other Equity

Particulars	Reserves and surplus			Items of OCI	Total
	Securities premium (Note 19)	General Reserve (Note 19)	Retained earnings (Note 19)	Capital reserve (Note 19)	
As at April 1, 2020	745.79	587.66	-5,674.72	3,495.62	-845.64
Profit/ (loss) for the period	-	-	-	-	-
Other comprehensive income (Note 42)	-	-	-164.62	-	-164.62
Total Comprehensive Income	-	-	-164.62	-	-164.62
Cash dividends	-	-	-	-	-
As at April 01, 2020	745.79	587.66	-5,839.34	3,495.62	-1,010.26
Profit/ (loss) for the period	-	-	-	-	-
Other comprehensive income	-	-	-510.33	-	-510.33
Total Comprehensive Income	-	-	-510.33	-	- 510.33
Cash dividends	-	-	-	-	-
As at March 31, 2022	745.79	587.66	-6,349.67	3,495.62	-1,520.59
Profit/ (loss) for the period	-	-	-	-	-
Other comprehensive income (Note 42)	-	-	-17.14	-	-17.14
Total Comprehensive Income	-	-	-17.14	-	-17.14
Cash dividends	-	-	-	-	-
As at June 30, 2022	745.79	587.66	-6,366.81	3,495.62	-1,537.73

The accompanying notes are an integral part of the financial statements

As per our report of even date

For ABNJ & CO.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountants

Nilesh Mundada
Partner
Membership no.:

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R. Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Thambbi Modern Spinning Mills Limited

Interim Condensed Financial Summary Statement of Cash Flows for the period ended June 30, 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021
Cash flow from operating activities		
Profit/ (loss) before exceptional items and tax	(17.14)	(27.88)
Adjustments for		
Depreciation and amortisation expense	13.33	16.20
Interest Paid	39.61	30.24
Profit on Sale of Assets	-	-
Interest Received	- 0.91	-1.18
Operating profit before working capital changes	34.89	17.38
Movement in working capital		
(Increase)/ Decrease in Trade and other receivables	7.06	-0.99
(Increase)/ Decrease in Short Term & Advances	-0.07	-
(Increase) / Decrease in Long Term & Advances	0.05	-
(Increase) / Decrease in Trade payables	-26.73	- 4.58
(Decrease)/ Increase in Other Current Liabilities	97.70	-1.68
(Decrease)/ Increase in Other Non-Current Liabilities	1.00	-
Cash generated from operation	113.91	10.13
Current Asset (Net)	4.92	-4.01
Net cash flow from operating activities (A)	118.83	6.12
a. Cash flow used in investing activities		
Sale of Fixed Assets	10.72	-
Interest Income	0.91	1.18
Net cash flow used in investing activities (B)	11.63	1.18
B.Net cash flows used in financing activities		
Long-term borrowings (Net)	-33.86	28.48
Short-term borrowings (Net)	-	-
Interest on borrowings	- 39.61	-30.24
Net cash flows used in financing activities (C)	-73.47	-1.76
Net increase/ (decrease) in cash and cash equivalents (A+B-C)	56.99	5.54
Opening Balance in Cash and cash equivalents	35.97	36.62
Closing Balance in Cash and Cash equivalents	92.96	42.16

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

As per our report of even date

For ABNJ & CO.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountants

Nilesh Mundada
Partner
Membership no.: 13101

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R Jagadeesan
Managing Director
DIN: 01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

i. Corporate information

The Unaudited Interim Condensed Financial Statements comprise of the condensed financial statements of the Company for the period ended June 30, 2022.

The Company was promoted by Mr. N. Ramasamy udayar by the year 1977. The Company is in the business of spinning and weaving of different type of fibers and yarns. The Company also involves in trading of cotton and yarns. The textiles manufacturing activity was closed in March 2014. The Company has leased out its building to generate rental income.

ii. Significant accounting policies

1. Basis of preparation

These Unaudited Interim Condensed Financial Statements include Interim Condensed Financial Statement Balance Sheet, Interim Condensed Financial Statement of Profit and Loss, Interim Condensed Financial Statement of Changes in Equity, Interim Condensed Financial Statement of Cash Flows and accompanying notes. These financial statements have been prepared in accordance with Ind AS 34 'Interim Financial Reporting' as notified under Section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India. Accordingly, the said financial statements do not include all the information required for a complete set of Ind AS financial statements and should be read in conjunction with the Company's latest annual Financial Statements for the year ended March 31, 2022. Further, selected explanatory notes have been included to explain events and transactions that are significant for the understanding of the changes in the Company's financial position and performance since the latest annual Financial Statements.

The accounting policies applied by the Company for preparation of these unaudited interim condensed financial statements are consistent with those adopted for preparation of financial statements of the Company as at and for the year ended March 31, 2022.

These Interim Condensed Financial Statements are presented in Indian Rupees which is also functional currency of the Company and all values are rounded to the nearest lakhs, except when otherwise indicated.

These Interim Condensed Financial Statements have been prepared solely for the purpose of inclusion in the Draft Letter of Offer and Letter of Offer (**"offer Documents"**) in connection with proposed Rights Issue of equity shares of Rs. 10/- each of the Company (the **"Proposed Rights Issue"**) and were approved for issue in accordance with a resolution of the directors on May 24, 2022

1.1. Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treatedas current when it is:

i. Expected to be realised or intended to be sold or consumed in normal operating cycle
ii. Held primarily for the purpose of trading
iii. Expected to be realised within twelve months after the reporting period, or
iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve monthsafter the reporting period

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All other assets are classified as non-current.
A liability is current when:

i. It is expected to be settled in normal operating cycle
ii. It is held primarily for the purpose of trading
iii. It is due to be settled within twelve months after the reporting period, or
iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use but excludes duties and taxes that are recoverable from taxauthorities. Any trade discounts and rebates are deducted in arriving at the purchase price.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalized only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Material replacement cost is capitalized provided (a) it is probable that future economic benefits associated with the item will flow to the entity and (b) the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced is derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value net realizable value and are disclosed separately in the Balance Sheet.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in- progress are carried at cost, comprising direct cost and attributable interest. Once it has becomes available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related

expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset witha finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in

ABNJ & CO FRN-121677W Chartered Accountants accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part ofcarrying value of another asset.

d) Depreciation Methods, Estimated Useful Lives

Based on management's evaluation, useful life prescribed in Schedule II of the Companies Act, 2013 represent actual useful life of property, plant and equipment. The Company uses straight-line method and has used following useful lives to provide depreciation of different class of its property, plant and equipment:

Property, Plant & Equipment	Useful Lives (in years)
Buildings	30
Plant and Machinery	15
Furniture & Fixtures	10
Office Equipments	5
Electrical Fittings	10
Computers	3
Temporary Structures	3
Vehicles	8

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

e) Impairment of assets

As at the Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- The extent of recognition of impairment loss, if any required or
- The reversal, if any, required of impairment loss recognized in previous periods. Where the carrying amount of an asset exceeds its recoverable amount, such excess is recognized as impairment loss and charged in the Statement of Profit and Loss.

f) Revenue Recognition

Rental income is recognized on Accrual basis as per the lease terms and is included in the revenue in the statement of profit and loss due to its operating nature.

g) Employee benefits

The Company does not have any Manufacturing activity. There are no Permanent Workers/Employees as at the end of the year. Accordingly, there are no liabilities with respect to Bonus, Gratuity, Provident fund, Employees state insurance, Leave encashment and Other Retirement benefits.

h) Provisions

A provision is recognized in respect of present obligation requiring settlement by outflow of resourses and of which reliable estimate of the amount of obligation could be made

i) Contingent liabilities

A contingent liability is not recognized and is disclosed unless the possibility of outflow of resources embodying economic benefit is remote. Present obligation arising from past events and the existence of which is subject to occurrence or non-occurrence of an in certain future events is disclosed.

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j) Taxes

Income Tax expense comprises current and deferred taxes. Income Tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Income Tax

Current Income Tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate.

Deferred Tax

Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

k) Segment reporting

The Company's presently earns revenue from letting out the factory premises, which constitutes single business segment. As per management's perspective, the risk and returns from them do not materially vary geographically. Accordingly there are no business/geographical segments to be reported under Accounting Standard(AS) 17 issued by the Institute of Chartered Accountant of India.

l) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization of Borrowing Costs is suspended and charged to the statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period they occur.

m) Use of estimates

The preparation of Restated Financial Summary Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets

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and liabilities and the disclosure of contingent liabilities, like provision for doubtful trade receivables/advances/contingencies, useful life of Property, Plant and Equipment, provision for taxation, etc., during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities infuture periods.

n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an originalmaturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

o) Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p) 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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q) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i) Initial recognition and measurement
At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

ii) Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:
a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The company determines its business model at the level that best reflects how it manages Company's financial assets to achieve its business objective. The company business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.

(ii) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

(iii) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

(iv) The expected frequency, value and timing of sales are also important aspects of the Company's assessment The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The solely payments of Principal and Interest test (SPPI)

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Impairment of financial assets: In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its

ABNJ & CO. FRN- 121677W Chartered Accountants trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount.

Derecognition of financial assets:

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

b) Financial liabilities

i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Only contracts that provide for gross physical settlement and meet the fixed-for-fixed criteria (i.e. a fixed number of shares for a fixed amount of cash) are classified as equity.

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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e) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the yearend date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation /amortisation expense in future periods.

b) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

c) Revenue from Contracts with Customers

The Company has applied judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers.

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Thambbi Modern Spinning Mills Limited

Notes to Interim Condensed Financial Statements for the period ended June 30, 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

2 Property, plant and equipment

Particulars	Freehold land	Buildings on Freehold Land	Plant and Equipment	Computer	Furniture, Fixtures & Office Equipment	Generator set	Electrical Fittings	Total property, Plant and Equipment	Capital work-in-progress
Gross block									
As at April 01, 2021	26.15	1,621.33	24.73	2.95	12.62	7.77	75.24	1,770.81	-
Additions	-	-	-	-	-	-	-	-	198.61
Disposals	-	-	(24.73)	(0.35)	(8.80)	-	(45.22)	(79.10)	-
Capitalisation	-	-	-	-	-	-	-	-	-
As at March 31, 2022	26.15	1,621.33	-	2.59	3.82	7.77	30.02	1,691.69	198.61
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-
As at June 30, 2022	26.15	1,621.33	-	2.59	3.82	7.77	30.02	1,691.69	-
Additions									
Disposals									
Capitalisation									
		187.51			0.38			187.89	
		1808.84			4.20			1879.58	
Depreciation									
As at April 01, 2021	-	548.30	15.27	2.80	6.61	2.39	23.23	598.62	
Charge for the year	-	46.62	4.69	-	1.09	0.74	7.14	-	-
Disposals	-	-	19.97	0.20	5.06	-	20.30	-	-
As at March 31, 2022	-	594.92	-	2.60	2.64	3.13	10.08	613.38	-
Charge for the period	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	
As at June 30, 2022	-	594.92	-	2.60	2.64	3.13	10.08	613.38	-
Charge for the period		12.25			0.07	0.21	0.80	13.33	
Disposals									
		607.17			2.71	3.34	10.88	626.71	
Net carrying value									
As at March 31, 2022	26.15	1,026.40	-	-	1.18	4.64	19.94	1,078.30	198.61
As at June 30, 2022	26.15	1201.66			1.49	4.42	19.14	1252.86	

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2 Other Intangible assets

Particulars	Software	Total other Intangible assets
Gross block		
As at April 01, 2021	2.02	2.02
Additions	-	-
Disposals	-	-
As at March 31, 2022	2.02	2.02
Additions	-	-
Disposals	-	-
As at June 30, 2022	2.02	2.02
Depreciation		
As at April 01, 2021	1.92	1.92
Charge for the year		
Disposals	- 0.10	- 0.10
As at March 31, 2022	2.02	2.02
Charge for the period	-	-
Disposals	-	-
As at June 30, 2022	-	-
Net carrying value		
As at March 31, 2022	-	-
As at June 30, 2022	0.00	0.00

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3 Long Term Loans & Advances

	June 30,2022	March 31, 2022
Security Deposits	10.33	10.38
Total	**10.33**	**10.38**

4. Other Non-Current Assets

	June 30, 2022	March 31,2022
Balances with Government Authorities (Other than Income Tax)	10.96	10.96
Total	**10.96**	**10.96**

5. Deferred Tax Assets (Net)

(Unsecured, considered good unless otherwise stated)

	June 30,2022	March 31, 2022
Business Loss	76.46	76.46
Depreciation	-76.28	-76.28
Total	**0.18**	**0.18**

6. Trade Receivables

	June 30, 2022	March 31, 2022
Unsecured – Considered goods		
Outstanding for a period exceeding 6 month From the date they are due for payment	62.64	221.64
Less: Bad debts written off	-	148.64
	62.64	**73.00**
Other Receivables	23.37	20.07
Total	**86.01**	**93.07**

7. Cash & Cash equivalents

	June 30, 2022	March 31, 2022
Cash on Hand	0.22	0.11
Balance with Bank in Current Accounts	61.46	4.70
Balance with Bank in Escrow Accounts	21.15	21.02
Balance with HDFC – Fixed deposits	10.13	10.14
Total	**92.96**	**35.97**

8.Other Current Financial Assets

	June 30, 2022	March 31, 2022
Advances recoverable in cash or kind for Value to be received	1.92	1.92
Interest received from bank	0.16	0.09
Total	**2.08**	**2.01**

9 Current Tax Assets

	June 30, 2022	March 31, 2022
TDS/Advances Income Tax (Net of Provision)	29.25	34.18
Total	**29.25**	**34.18**

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10 Share capital

10.1 Authorised share capital

Equity shares of Rs.10/- each (March 31, 2022: Rs.10/- each)

	Number of shares	Rs. in lakhs
At April 1, 2021	1,40,00,000	1,400.00
Increase/(decrease) during the year	-	-
At March 31, 2022	1,40,00,000	1,400.00
Increase/(decrease) during the period	-	-
At June 30, 2022	1,40,00,000	1,400.00

10.2 Issued, Subscribed and Paid-up Capital

Equity shares of Rs.10/- each (March 31, 2022: Rs.10/- each) issued, subscribed and fully paid

	Number of shares	Rs. in lakhs
At April 1, 2021	57,62,770	576.28
Increase/(decrease) during the year	-	-
At March 31, 2022	57,62,770	576.28
Increase/(decrease) during the period	-	-
At June 30, 2022	57,62,770	576.28

10.3 Details of shareholders holding more than 5% shares in the Company

	June 30,2022		June 30, 2021	
	Number of shares held	% holding	Number of shares Held	% holding
R. Jagadeesan	32,84,995	57%	32,84,995	57%
Malathi Jagadeesan	5,68,530	10%	5,68,530	10%
Salem Ramamurthy Murali Manohar	2,92,000	5%	2,92,000	5%

11 Other Equity

Particulars	Reserves and surplus				Total
	Capital Reserve	Share Premium	General Reserve	Retained Earnings	
Balance as on 01.04.2020	3,495.62	745.79	587.66	(5,674.72)	**(845.64)**
Total Comprehensive Income	-	-	-	(164.62)	**(164.62)**
Balance as on 01.04.2021	3,495.62	745.79	587.66	(5,839.34)	**(1010.26)**
Total Comprehensive Income	-	-	-	(510.33)	**(510.33)**
Adjustment on account of transition to IND AS	-	-	-	-	-
Balance as on 31.03.2022	3,495.62	745.79	587.66	(6,349.67)	**(1520.59)**
Total Comprehensive Income for the Year	-	-	-	(17.14)	**(17.14)**
Adjustment on account of IND AS	-	-	-	-	-
Balance as on 30.06.2020	**3,495.62**	**745.79**	**587.66**	**6366.80**	**(1537.73)**

12 Borrowing (Non-Current)

	June 30, 2022	March 31, 2022
Secured:		
Loan against Rent Receivables	-	-
IDBI Bank Ltd. Salem	441.41	448.73
HDFC Bank Ltd. Salem Team Loan – Rent Receivables	218.00	225.35
HDFC Bank Ltd. Salem – Lap Loan	421.59	431.05
Unsecured:		
From Directors	685.75	695.48
Total	**1,766.75**	**1,800.61**

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Note:

Loans from IDBI Bank Limited are secured by mortgage of title deeds of a portion of Unit-I Land located at Jagir Ammapalayam Village, Salem. Loans from HDFC Bank Ltd are secured by mortgage of title deeds of a Portion of Udayapatty Land, Salem

Terms of Borrowings

The principal terms of borrowings are as below :

A) **Interest :**

The interest rate charged by the banks are as below :

Name of the Bank	Nature	Interest Rate
IDBI Bank Limited	Loan against Receivables	10.50% [Floating linked to Bank Marginal Cost of Funds based on Lending Rate of the Bank (8.65%) +1.85% Spread]
HDFC Bank Limited	Loan against Receivables	7.75% [Floating Interest rate linked to Policy Repo Rate i.e 4.00% (as Reference Rate) + 3.75% Spread]
HDFC Bank Limited	Loan against Property	8.00% [Floating Interest rate linked to Policy Repo Rate i.e 4.00% (as Reference Rate) + 4.00% Spread]

B) **Tenor :**

Name of the Bank	Nature	Tenor
IDBI Bank Limited	Loan against Receivables	180 Months
HDFC Bank Limited	Loan against Receivables	108 Months
HDFC Bank Limited	Loan against Property	120 Months

C) **Security**

Name of the Bank	Nature	Security
IDBI Bank Limited	Loan against Receivables	Assignment of receivables arising from the Premises, such other security on the Premises as acceptable to the Bank and such other security as may be acceptable by the Bank. Secured by mortgage of Title deeds of a portion of Land located at Jagir Ammapalayam Village, Salem.
HDFC Bank Limited	Loan against Receivables	Assignment of receivables arising from the Premises, such other security on the Premises as acceptable to the Bank and such other security as may be acceptable by the Bank. Secured by mortgage of title deeds of a portion of land located in Udayapatty, Salem.
HDFC Bank Limited	Loan against Property	Secured by mortgage of land located in Udayapatty, Salem and by personal guarantee of Mr. R. Jagadeesan – Managing Director and Ms. Malathy Jagadeesan – Director

13 Others Financial Liabilities (Non – Current)

	June 30,2022	March 31, 2022
Rent Deposit	189.14	188.14
Total	**189.14**	**188.14**

14 Trade Payables

	June 30,2022	March 31, 2022
Dues to Micro & Small Enterprises	-	-
Dues to Other than Micro & Small Enterprises	149.89	176.62
Total	**149.89**	**176.62**

15 Other Current Financial Liabilities

	June 30,2022	March 31, 2022
Current Maturity of long Term Debts	100.24	98.11
Statutory Liabilities	9.96	10.06
Accrued Expenses	15.08	14.70
Advances Received	215.03	119.73
Total	**340.31**	**242.60**

16 Income from Operation

	June 30,2022	June 30, 2021
Rent Receipt	73.10	46.60
Total	**73.10**	**46.60**

17 Other Income

	June 30,2022	June 30, 2021
Interest Received – Bank	0.07	-
Interest Received – Others	0.91	-
Total	**0.98**	-

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18 Employment Benefit Expenses

	June 30,2022	June 30, 2021
Salaries & Wages	8.99	8.08
Staff Welfare Expenses	0.36	0.26
Total	**9.35**	**8.34**

19 Finance Cost

	June 30,2022	June 30, 2021
Interest to Bank	23.45	14.08
Interest to Others	15.91	0.58
Bank Charges/Commission	0.25	16.19
Total	**39.61**	**30.85**

20 Other Expenses

	June 30,2022	June 30, 2021
Power & fuel	1.66	1.57
Repairs & Maintenance	9.44	9.71
Insurance	1.35	1.11
Rates & Taxes	6.58	4.36
Travelling & Conveyance	0.68	0.37
Professional & Legal fees	7.50	1.02
Miscellaneous Expenses	1.44	0.76
Directors sitting fees	0.06	0.06
Advertisement	0.22	0.14
Total	**28.93**	**19.10**

21 Related party Information

Key management personnel KMP and their relatives - Mr. R. Jageedesan – Managing Director
Mrs. Malathi Jageedesan – Director

Related party transaction for the year ended June 30, 2022

Transaction with Related Parties	Rs in lakhs
Transactions during the period	
Remuneration paid:	
Mr. Jagadeesan -	3.75
Interest paid :	
Mr. Jagadeesan	13.11
Loans Availed /(Paid)	
Mr.Jagadeesan	(21.83)
Mrs. Malathi Jagadeesan	(1.00)
Balance Outstanding Payable/Receivable as at the year end	
Mr.Jagadeesan	684.00
Mrs. Malathi Jagadeesan	1.75

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Related party transaction for the year ended June 30, 2021

Transaction with Related Parties		Rs in lakhs
Transactions during the period		
Remuneration paid:		
Mr. Jagadeesan	-	3.75
Interest paid :		
Mr. Jagadeesan		14.16
Loans Availed /(Paid)		
Mr Jagadeesan		(28.25)
Mrs. Malathi Jagadeesan		(1.20)
Balance Outstanding Payable/Receivable as at the year end		
Mr Jagadeesan		703.01
Mrs. Malathi Jagadeesan		3.96

22 Segment Reporting

The Company's presently earns revenue form letting out the factory premises, which constitutes single business segment. As per management's perspective, the risks and returns form them do not materially vary geographically. Accordingly there are no business/geographical segment to be reported under Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.

23 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares

The following reflects the profit and share data used in the basic and diluted EPS computations

	For the year ended 30-June- 2022	For the year ended 30-June- 2021
Restated profit/(loss) available for equity shareholders	(17.14)	(27.88)
Weighted average number of equity shares in computing basic and diluted EPS	57,62,770	57,62,770
Face value of each equity share (Rs.)	10.00	10.00
Earnings per share		
- Basic (Rs.)	(0.30)	(0.48)
- Diluted (Rs.)	(0.30)	(0.48)

24 No provision for tax has been made in the absence of taxable profits for the current quarter.
Deffered Tax has been provided on the timing differences. Unabsorbed losses and depreciation for the 4 years ending March 31,2022, have not been considered on account of the continued losses.

25 Sundry Debtors and Creditors Balances are subject to confirmation and reconciliation.

26 Additional regulatory information required by Schedule III

i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii) Borrowing secured against current assets

The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.

iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

v) Compliance with approved scheme(s) of arrangements
The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

vi) Utilisation of borrowed funds and share premium
The Company has not advanced or loaned or invested funds to any person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

vii) Undisclosed income
There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

viii) Details of crypto currency or virtual currency
The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

ix) Valuation of Property, plant and equipment, intangible asset and investment property
The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the current or previous year

x) Registration of charges or satisfaction with Registrar of Companies
There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

xi) Utilisation of borrowings availed from banks and financial institutions
The borrowings obtained by the Company from banks and financial institutions have been applied for the purposes for which such loans were taken.

xii) Compliance with number of layers of companies
The Company has complied with the number of layers prescribed under the Companies Act, 2013.

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26 Ageing of trade payable

(Rs. in Lakhs)

Ageing of Trade Payables as at June 30, 2022

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others			31.83			118.06	149.89
(B) Disputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	-	-	**31.83**	-	-	**118.06**	**149.89**

Ageing of Trade Payables as at March 31, 2022

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others			58.56			118.06	176.62
(B) Disputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	-	-	**58.56**	-	-	**118.06**	**176.62**

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28 Ageing of Trade Receivables

(Rs. in Lakhs)

Ageing of Trade receivables as at June 30, 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(A) Undisputed Trade receivables							
(i) considered good		23.37				62.64	86.01
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) credit impaired	-	-	-	-	-	-	-
(B) Disputed Trade Receivables							
(i) considered good	-	-	-	-	-	-	-
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) credit impaired	-	-	-	-	-		-
Total	-	**23.37**	-	-	-	**62.64**	**86.01**
Allowance for doubtful debts							-
Total							**86.01**

Ageing of Trade receivables as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(A) Undisputed Trade receivables							
(i) considered good		20.07				73.00	93.07
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) credit impaired	-	-	-	-	-	-	-
(B) Disputed Trade Receivables							
(i) considered good	-	-	-	-	-		-
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) credit impaired	-	-	-	-	-	-	-
Total	-	**20.07**	-	-	-	**73.00**	**93.07**
Allowance for doubtful debts							-
Total							**93.07**

ABNJ & CO. FRN-121677W Chartered Accountant

29 Capital Management

The Company manages its capital structure and makes necessary adjustments in light of changes in economic conditions and the requirement of financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or raise / retire debt. The primary objective of the Company's capital management is to maximise the shareholders' value.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

(Rs. in lakhs)

Particulars		As at 30th June 2022	As at 31st March 2022
Borrowings		1766.75	1800.61
Less : Cash & Cash Equivalents		92.97	35.97
Net Debt	(i)	1673.78	1764.64
Total Equity	(ii)	(961.45)	(944.31)
Gearing Ratio	(i/ii)	-ve	-ve

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ABNJ & CO. ★ FRN-121677W ★ Chartered Accountant

30 Disclosure of Financial Ratios

Ratio	Numerator	Denominator	As at June 30, 2022	As at March 31, 2022	% Variance	Reason for variance
Current Ratio (times)	Current Assets	Current Liabilities	0.43	0.39	0.10%	-
Debt-Equity Ratio (times)	Total Debt	Shareholder's Equity	-ve	-ve	-	The Shareholders' Equity is Negative on account of accumulated losses
Debt Service Coverage Ratio (times)	Earnings available for debt service	Debt Service	-ve	-ve	-	The Company has incurred losses for both the years and hence DSCR -ve for both the years.
Return on Equity Ratio (%)	Profit / (Loss) after taxes	Average Shareholder's Equity	-ve	-ve	-	Shareholder's Equity is negative on account of accumulated losses
Trade Receivables Turnover Ratio (times)	Revenue from Operations	Average Trade Receivable	3.27	1.30	151.50%	The increase in Trade Receivables Ratio is on account of increase in revenue from operations.
Trade Payables Turnover Ratio (times)	Total Purchases	Average Trade Payables	NA	NA	-	-
Net Capital Turnover Ratio (times)	Revenue from Operations	Working Capital	(0.26)	(0.87)	(206.09%)	The increase is on account of increase in revenue from operations.
Net Profit Ratio (%)	Profit After Tax (PAT)	Revenue from Operations	(23.45%)	(230.85%)	89.84%	The increase in Net Profit Ratio despite increase in Revenue from Operations.
Return on Capital Employed (%)	Earnings Before Interest and Tax before exceptional items	Capital Employed (Shareholder's Equity + borrowings)	-ve	-ve	-	The Capital Employed is Negative on account of accumulated losses
Return on Investment (%)	Dividend / Gains	Investment	NA	NA	-	-

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31. FAIR VALUE HIERARCHY

THAMBBI MODERN SPINNING MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of investments, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security deposits and tender deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, tender deposits and other financial assets.

Fair value measurement hierarchy of assets and liabilities

	As at 30th June, 2022		As at 31st March, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS				
Security Deposits	10,32,993	10,32,993	10,37,993	10,37,993
Other Assets	10,96,079	10,96,079	10,96,079	10,96,079
FINANCIAL LIABILITIES				
Borrowings	17,61,15,465	17,61,15,465	18,00,60,569	18,00,60,569

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

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Fair value measurement hierarchy of assets and liabilities

	Level 1	Level 2	Level 3
As at 30 June, 2022			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Security Deposits	-	-	10,32,993
Other Assets			10,96,079
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	-	17,61,15,465

	Level 1	Level 2	Level 3
As at 31st March, 2022			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Security Deposits	-	-	10,37,993
Other Assets	-	-	10,96,079
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	-	18,00,60,569

There have been no transfers between Level 1 and Level 2 during the period

The carrying amount of cash and cash equivalents, trade receivables, fixed deposits, trade payables, other payables are considered to be the same as their fair values. The fair values of borrowings, deposits and loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

31 Previous year's figures have been regrouped wherever necessary, to confirm with the current year's disclosures.

For ABNJ & Co.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountant

Nilesh Mundada
Partner
Membership no.: 131013

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Independent Auditors' Examination Report on the Restated Summary Statement of Assets and Liabilities as at March 31, 2022, 2021 and 2020 and Restated Summary Statements of Profit and Loss (including Other Comprehensive Income), Restated Statement of Changes in Equity and Restated Summary Cash Flows for the years ended March 31,2022, 2021 and 2020, the summary statement of Significant accounting policies, andother explanatory information of Thambbi Modern Spinning Mills Limited (collectively, the "Restated Financial Statements")

The Board of Directors,
Thambbi Modern Spinning Mills Limited,
Omalur Road,
Jagir Ammapalayam,
Salem – 636302.

Dear Sirs,

1. We, ABNJ & CO., Chartered Accountants, have examined the attached Restated Financial Information of **M/s. Thambbi Modern Spinning Mills** Limited (the **"Company"**) which comprises of the Restated Summary Statement of Assets and Liabilities as at March 31, 2022, 2021 and 2020, the Restated Summary Statement of Profit and Loss (including other comprehensive income), Restated Statement of changes in equity and Restated Summary Statement of Cash flows for the years ended March 31, 2022, 2021 and 2020, and the Summary of Significant Accounting Policies and other explanatory information (collectively, the **"Restated Financial Information"**) as approved by the Board of Directors of the Company (the **"Board"**) at their meeting held on 06/10/2022 for the purpose of inclusion in the Draft Letter of Offer and Letter of Offer (collectively, the **"Offer Documents"**) prepared by the company in connection with the Rights Issue of Equity Shares of the Company (the **"Issue"**) prepared in terms of the requirements of: ve been prepared by the Company in accordance with the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended (the **"ACT"**)

   b) Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the ***"ICDR Regulations"***); and

   c) The Guidance Note on Reports in Company Prospectuses (**Revised 2019**) issued by the Institute of Chartered Accountants of India (**"ICAI"**), as amended (the ***"Guidance Note"***)

2. **Management's Responsibility for the Restated Consolidated Summary Statements**

   The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Offer Documents to be filed with BSE Limited and the same shall be disseminate to the Securities and Exchange Board of India for information purpose only and any other regulatory authorities in connection with the proposed issue. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in paragraph 2.1 of Annexure VI to the Restated Financial Information. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Information. The Company's Board of Director are also responsible for identifying and ensuing that the Company complies with the Act, ICDR Regulations and the Guidance Note, as may be applicable.

3. **Auditors' Responsibilities**

   We have examined such Restated Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed with you vide our engagement letter dated September 10,2022 requesting us to carry out work on such Restated Financial Statements, proposed to

ABNJ & CO. FRN-121677W Chartered Accountants

be included in the Offer Documents of the Company in connection with the Company's proposed Rights Issue.

b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the At, the ICDR Regulations and the Guidance Note in connection with the Rights Issue.

4. These Restated Financial Information have been compiled by the management from the Audited Ind AS financial statements of the Company as at and for the years ended March 31, 2022, 2021 and 2020, which were prepared in accordance with the Indian Accounting Standards (referred to as **"Ind AS"**) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meetings held on May 04, 2022, June 24, 2021 and July 24, 2020 respectively.

5. For the purpose of our examination, we have relied on Independent Auditor's Reports issued dated on May 04, 2022, May 12, 2021 and June 17, 2020 on the financial statements of the Company as at and for the years ended March 31, 2022, 2021 and 2020, respectively, as referred in Paragraph 4 above.

6. As indicated in our audit reports referred in Paragraph 5 above, we did not audit the financial statements of the Company as listed in Annexure A, as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, whose share of total assets, total revenues and net cash flows in the financial statements, for the relevant years is tabulated below, which have been audited by M/s. R. Sundararaman & Co. (referred to as the **"Other Auditors"**), and whose reports have been furnished to us by the Company's management and our opinion on the historical financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and the controlled entity, was based solely on the reports of the other auditors. Our opinion on the audited financial statements, in so far as it relates to the amounts and disclosures included in respect of the Company, is based on the reports of such Other Auditors.

Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Total Assets	1463.66	1563.97	1612.23
Total Revenue	222.91	248.19	192.55
Net Cash Inflow / (Outflow)	-0.65	8.07	1.62

Our audit opinions on the consolidated financial statements of the Company as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 were not qualified for the above matter.

The Other Auditors as mentioned above, have examined the restated financial information of the Company and have confirmed that the restated financial information of the Components:

(i) Have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended March 31, 2021 and March 31, 2020 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed for the year ended March 31, 2022.

(ii) Do not contain any qualifications requiring adjustments; and

(iii) Have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

7. Based on our examination, in accordance with the ICDR Regulations and the Guidance Note, and according to the information and explanations given to us and also as per the reliance placed on the examination reports submitted by the Other Auditors on their audits / examination of financial statements for the respective years, we report that the Restated Financial Information:

ABNJ & CO. FRN-121677W Chartered Accountant

i) There are no adjustments for changes in accounting policies, any material errors for incorporation in the Restated Financial Statements, retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

ii) There are no adjustments and regroupings for the material amounts in the Restated Financial Statements in the respective years to which they relate.

iii) There are no qualifications in the auditors reports on the audited financial statements of the Company as at and for the years ended March 31, 2022, 2021 and 2020.

iv) Restated Financial Information have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. We have not audited any financial statements of the Company as of the date or for any period subsequent to March 31, 2022. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2022.

9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in Paragraph 5 above.

10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India and BSE Limited in connection with the Proposed Rights Issue of the Company. Our report should not be used, referred to or distributed for any other purpose.

For ABNJ & Co.,
Chartered Accountants
ICAI Firm Registration Number: 121677W

FRN-
121677W
Chartered Accountants

Nilesh Mundada
Partner
Membership Number: 131013

Place of Signature: Mumbai

Date: 11 October 2022

UDIN: 22131013AZHVTE2443

Thambbi Modern Spinning Mills Limited

Annexure I - Restated Consolidated Summary of Assets and Liabilities

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Notes	March 31, 2022	March 31, 2021	March 31, 2020
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,078.30	1,172.19	1,126.56
Capital work in progress	2	198.61	-	55.20
Other intangible assets	2	-	0.10	0.58
Long Term Loans and Advances	3	10.38	9.80	9.35
Deferred Tax Assets (Net)	4	0.18	7.62	58.10
Other non-current assets	5	10.96	10.96	10.96
		1,298.43	**1,200.67**	**1,260.75**
Current assets				
Financial assets		—	—	—
Trade receivables	6	93.07	246.61	252.69
Cash and cash equivalents	7	35.97	36.62	28.55
Other Current Financial Assets	8	2.01	49.79	35.54
Current Tax Assets (Net)	9	34.18	30.28	34.70
		165.23	**363.30**	**351.48**
Total assets		**1,463.66**	**1,563.97**	**1,612.23**
EQUITY and LIABILITIES				
Equity				
Equity share capital	10	576.28	576.28	576.28
Other equity	11	-1,520.59	-1,010.26	-845.64
Equity attributable to equity holders of the parent		**-944.31**	**-433.98**	**-269.36**
Non-controlling interests		-	-	-
Total equity		**-944.31**	**-433.98**	**-269.36**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	12	1,800.61	1,699.95	1,401.46
Other financial liabilities	13	188.14	138.65	127.02
		1,988.75	**1,838.60**	**1,528.48**
Current liabilities				
Financial liabilities				
Trade payables	14	176.62	10.56	7.41
Other financial liabilities	15	242.60	148.79	345.70
		419.22	**159.35**	**353.11**
Total equity and liabilities		**1,463.66**	**1,563.97**	**1,612.23**
Summary of significant accounting policies	2.4			

The accompanying notes are an integral part of the restated Consolidated summary statements

As per our report of even date
For ABNJ & Co.
Chartered Accountants
ICAI Firm registration number: 121677W

Nilesh Mundada
Partner
Membership no. 131013
Place: Mumbai

ABNJ & CO. FRN-121677W Chartered Accountants

Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R. Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Annexure II - Restated Consolidated Summary Statement of Profit and Loss
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
I. Revenue				
Revenue from operation	16	221.08	166.78	191.26
Other income	17	1.83	81.41	1.29
Total Revenue		**222.91**	**248.19**	**192.55**
II. Expenses				
Employee benefits expense	18	41.64	43.00	58.05
Depreciation and amortization expense		60.31	64.78	63.27
Finance costs	19	178.31	169.05	181.71
Other expenses	20	272.98	78.53	87.09
Total expenses		**553.24**	**355.36**	**390.12**
Restated profit/(loss) before exceptional items and tax		**-330.33**	**-107.17**	**-197.57**
Exceptional items				
-Prior year adjustments		-172.56	-6.97	-
Restated profit/(loss) before tax		**-502.89**	**-114.14**	**-197.57**
Tax expense:				
Current tax		-	-	-
Deferred tax		7.44	50.48	20.66
Total tax expense		**-510.33**	**-164.62**	**-218.23**
Restated profit/(loss) for the year				
Other comprehensive income (OCI)				
Total comprehensive income for the year, net of tax		**-510.33**	**-164.62**	**-218.23**
Attributable to:				
Owner to the company		-510.33	-164.62	-218.23
Computed on the basis of total restated profit/(loss) for the year				
Basic (Rs.)		-8.86	-2.86	-3.79
Diluted (Rs.)		-8.86	-2.86	-3.79
Summary of Significant Accounting Policies				

The accompanying notes are an integral part of the restated consolidated summary statements
As per our report of even date

For ABNJ & Co.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountant

Nilesh Mundada
Partner
Membership no.: 131015

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R. Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P. Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Thambbi Modern Spinning Mills Limited

Annexure III – Restated Consolidated Summary Statement of Changes in Equity
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

a. Equity Share Capital
Equity Shares of Rs.10/- Each (March 31, 2021: Rs.10/- each; March 31, 2020: Rs.10/- each), subscribed and fully paid up

	Number of shares	Rs. In Lakhs
As at April 1, 2019	57,62,770	576.28
Increase/(decrease) during the year	-	-
As at March 31, 2020	57,62,770	576.28
Increase/(decrease) during the year	-	-
At March 31, 2021	57,62,770	576.28
Increase/(decrease) during the year	-	-
At March 31, 2022	57,62,770	576.28

b. Other Equity

Particulars	Reserves and surplus			Items of OCI	Total
	Securities premium	General Reserve	Retained earnings	Capital Reserve	
As at April 1, 2019	745.79	587.67	-5,246.88	3,495.62	-417.80
Restated profit/ (loss) for the year	-	-		-	-
Other comprehensive income (Note 43)	-	-	-209.61	-	-209.61
Total Comprehensive Income	-	-	-209.61	-	-209.61
Cash dividends (including dividend distribution tax)	-	-	-	-	-
As at March 31, 2020	745.79	587.67	-5,456.49	3,495.62	-627.41
Ind AS 116 transition adjustment (Refer note 1.1(i) of Annexure V)	-	-	-	-	-
As at April 1, 2020	745.79	587.67	-5,456.49	3,495.62	-627.41
Restated profit/ (loss) for the year	-	-	-	-	-
Other comprehensive income (Note 43)	-	-	-218.23	-	-218.23
Total Comprehensive Income	-	-	-218.23	-	-218.23
Cash dividends (including dividend distribution tax)	-	-		-	-
As at March 31, 2020	745.79	587.67	-5674.72	3,495.62	-845.64
Restated profit/ (loss) for the year	-	-	-	-	
Other comprehensive income (Note 43)	-	-	-164.62	-	-164.62
Total Comprehensive Income	-	-	-164.62	-	-164.62
Cash dividends	-	-	-	-	-
As at March 31, 2021	745.79	587.67	-5,839.34	3,495.62	-1,010.26
Restated profit/(loss) for the year	-	-	-	-	
Other comprehensive income (Note 43)	-	-	-510.33	-	-510.33
Total Comprehensive Income	-	-	-510.33	-	-510.33
Cash dividends					
As at March 31,2022	745.79	587.67	-6,349.67	3,495.62	-1,520.59

The accompanying notes are an integral part of the restated consolidated summary Statementsas per our report of even date

For ABNJ & Co.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountants

Nilesh Mundada
Partner
Membership no.: 131013

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Thambbi Modern Spinning Mills Limited

Annexure IV – Restated Consolidated Summary Statement of Cash Flows
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities			
Restated profit/ (loss) before exceptional items and tax	**-502.89**	**-114.14**	**-197.57**
Adjustments for:			
Depreciation and amortization expense	60.31	64.78	63.27
Interest paid	178.31	168.45	174.16
Profit on Sale of Assets	26.79	-80.23	-
Interest Received	-1.60	-1.18	-1.30
Operating profit before working capital changes	**-239.08**	**37.68**	**38.56**
Movement in working capital			
(Increase)/ Decrease in Trade and other receivables	153.54	6.08	-3.84
(Increase)/ Decrease in Short Term Loans and Advances	47.78	-14.25	6.52
(Increase)/ Decrease in Long Term Loans and Advances	-0.58	-0.45	-6.48
Increase / (Decrease) in Trade Payables	166.05	3.15	-10.28
Increase/ (Decrease) in Other Current Liabilities	93.82	-196.91	-43.26
Increase/ (Decrease) in Other Non-Current Liabilities	49.50	11.63	7.99
Cash generated from operations	**271.03**	**-153.06**	**-10.78**
Current Tax Assets (Net)	-3.90	4.42	0.95
Net cash flow from operating activities (A)	**267.13**	**-148.64**	**- 9.83**
B. Cash flow used in investing activities			
Sale of Fixed Asset (Net)	-191.73	25.50	-55.20
Interest Income	1.60	1.18	1.30
Net cash flow used in investing activities before exceptional items	**-190.13**	**26.68**	**-53.90**
Cash flow from Exceptional Items			
Net cash flow used in investing activities (B)	**-190.13**	**26.68**	**-53.90**
C. Cash Flow from Finance Activities			
Long-term Borrowings (Net)	100.66	298.48	239.51
Short-term Borrowings (Net)	-	-	-
Interest on Borrowings	-178.31	-168.45	-174.16
Net cash flows used in financing activities ©	**-77.65**	**130.03**	**65.34**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	-0.65	8.07	1.62
Cash and cash equivalents at the beginning of the year	36.62	28.55	26.93
Cash and cash equivalents at the end of the year	**35.97**	**36.62**	**28.55**

The accompanying notes are an integral part of the restated consolidated summary statementsAs per our report of even date

For ABNJ & Co.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountant

Nilesh Mundada
Partner
Membership no.: 131013

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

Annexure V – Statement of Material Restatement Adjustments and Regroupings

12.1 Material Restatement Adjustments and Regroupings

The Restated Financial Statements of **M/s. Thambbi Modern Spinning Mills Limited** comprises the Restated Summary Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Summary Statement of Profit & Loss Account (including Other Comprehensive Income), the Restated Summary Statement of Changes in Equity and the Restated Financial Statement of Cash Flows for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, and the summary statement of notes and other explanatory information to the Restated Summary Statements (collectively, the ***"Restated Financial Statements"***), and have been prepared solely for the purpose of inclusion in the Draft Letter of Offer or Letter of Offer (***"Offer Documents"***) to be filed with BSE Limited and the same shall be disseminate to the Securities and Exchange Board of India (***"SEBI"***) for information purpose only and any other regulatory authorities in connection with the proposed rights issue of equity shares of Rs. 10/- each of the Company. Refer Annexure VI for details on basis of preparation.

12.2 Material Restatement Adjustments

The accounting policies applied as at and for the years ended March 31, 2021 and March 31, 2020 are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2022.

12.3 Material re-groupings

Appropriate re-groupings have been made in the Restated Financial statements of assets and liabilities, profit and loss and cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Financial Statement of the Company for the year ended March 31, 2022 prepared in accordance with Schedule III of the Companies Act 2013, requirements of Ind AS 1 – **'Presentation of financial statements'** and other applicable Ind AS principles and the requirements of the SEBI ICDR regulations, as amended.

12.4 Material errors

There are no material errors that require adjustment in the Restated Financials Statements.

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1. Corporate information

The Restated Financials Statements comprises of Restated Financials Statements of the Company for the years ended March 31, 2020, March 31, 2021 and March 31, 2022.

The Company was promoted by Mr. N. Ramasamy Udayar by the year 1977. The Company was in the business of spinning and weaving of different type of fibers and yarns. The Company was also involved in trading of cotton and yarns. The textile manufacturing and trading activity was closed in March 2014. The Company has now leased out its building to generate rental income.

2. Significant accounting policies

2.1. Basis of preparation

The Restated Financial Statements of the Company comprises of Restated Summary Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Summary Statement of Profit & Loss account (including Other Comprehensive Income), the Restated Summary Statement of Changes in Equity and the Restated Summary Statement of Cash Flows for years ended March 31, 2022, March 31, 2021, and March 31, 2020, and significant accounting policies and other explanatory information to the Restated Summary Statements (collectively, the ***'Restated Financials Statements'***), have been prepared.

The Restated Financial Statements have been approved by the Board of Directors of the Company and have been prepared in all material respects with the requirements of:

a) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (***"the SEBI ICDR Regulations"***) issued by the Securities and Exchange Board of India (***'SEBI'***) on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of IndiaAct, 1992.

b) The Guidance Note on Report in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountantsof India.

The Restated Financial Statements have been compiled from the audited financial statements of the Company prepared by the earlier auditor M/s. R. Sundararaman & Co., Chartered Accountants, as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as ***"Ind AS"***), which have been approved by the Board of Directors at their meetings held on May 4, 2022, June 24, 2021 and July 24, 2020 respectively.

The audited financial statements of the Company as at and for the year ended March 31, 2018 were prepared in accordance with the Companies (Accounting Standards) Rules 2006 (as amended) specified under Section 133 of the Act,read with the Companies (Accounts) Rules, 2014 (***"Indian GAAP"***). The Company has adopted Ind AS Indian Accounting Standards (***"Ind AS"***) as notified by the Ministry of Corporate Affairs with effect from April 1, 2018, with a transition date of April 1, 2017. Opening balances as at April 1, 2018 are as appearing in the Audited Financial Statements as at and for the year ended March 31, 2020.

These Restated Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited financial statements mentioned above. These audited financial statements have been prepared on a going concern basis.

The underlying financial statements as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, mentioned above, are collectively referred as Historical Audited Financial Statements. The Restated Financial Statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are required to be measured at fair value.

The Restated Financial Statements are presented in Indian Rupees which is also functional currency of the Company, and all values are rounded to the nearest lakhs, except when otherwise indicated.

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Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or

i. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use but excludes duties and taxes that are recoverable from tax authorities. Any trade discounts and rebates are deducted in arriving at the purchase price.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately in the Balance Sheet.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest. Once it has become available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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d) Depreciation Methods, Estimated Useful Lives

Based on management's evaluation, useful life prescribed in Schedule II of the Companies Act, 2013 represent actual useful life of property, plant and equipment. The Company uses straight-line method and has used following useful lives to provide depreciation of different class of its property, plant and equipment:

Property, Plant & Equipment	Useful Lives (in years)
Buildings	30
Plant and Machinery	15
Furniture & Fixtures	10
Office Equipment's	5
Electrical Fittings	10
Computers	3
Vehicles	8

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

e) Impairment of assets

As at the Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- The extent of recognition of impairment loss, if any required or
- The reversal, if any, required of impairment loss recognized in previous periods. Where the carrying amount of an asset exceeds its recoverable amount, such excess is recognized as impairment loss and charged in the Statement of Profit and Loss.

f) Revenue Recognition

Rental income is recognized on Accrual basis as per the lease terms and is included in the revenue in the statement of profit and loss due to its operating nature.

g) Employee benefits

The Company does not have any Manufacturing activity. There are no Permanent Workers/Employees as at the end of the year. Accordingly, there are no liabilities with respect to Bonus, Gratuity, Provident fund, Employees state insurance, Leave encashment and Other Retirement benefits.

h) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization of Borrowing Costs is suspended and charged to the statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period they occur.

i) Taxes

Income Tax expense comprises current and deferred taxes. Income Tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Income Tax

Current Income Tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

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Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate.

Deferred Tax

Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Provisions

A provision is recognized in respect of present obligation requiring settlement by outflow of resources and of which reliable estimate of the amount of obligation could be made.

k) Contingent liabilities

A contingent liability is not recognized and is disclosed unless the possibility of outflow of resources embodying economic benefit is remote. Present obligation arising from past events and the existence of which is subject to occurrence or non-occurrence of an in certain future events is disclosed.

l) Segment reporting

The Company's presently earns revenue from letting out the factory premises, which constitutes single business segment.

As per management's perspective, the risk and returns from them do not materially vary geographically. Accordingly there are no business/geographical segments to be reported under Accounting Standard (AS) 17 issued by the Institute of Chartered Accountant of India.

m) Use of estimates

The preparation of Restated Summary Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, like provision for doubtful trade receivables /advances /contingencies, useful life of Property, Plant and Equipment, provision for taxation, etc., during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptionsand estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities infuture periods.

n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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For the purpose of the of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

o) Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilute potential equity shares.

p) 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** — Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** — Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

q) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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Business model assessment

The company determines its business model at the level that best reflects how it manages Company's financial assets to achieve its business objective. The company business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
ii) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
iii) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
iv) The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely payments of Principal and Interest test (SPPI)

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation

of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

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Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount.

iii) Derecognition of financial assets

A financial asset is derecognized only when
a) the rights to receive cash flows from the financial asset is transferred or
b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

b) Financial liabilities

i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

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iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Only contracts that provide for gross physical settlement and meet the fixed-for-fixed criteria (i.e. a fixed number of shares for a fixed amount of cash) are classified as equity.

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

r) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the yearend date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation /amortisation expense in future periods.

b) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

c) Revenue from Contracts with Customers

The Company has applied judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers.

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2 Property, Plant and Equipment

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Freehold land	Buildings on Freehold Land	Plant and Equipment	Computer	Furniture, Fixtures & Office Equipment	Generator set	Electrical Fittings	Total property, plant and equipment	Capital work-in-progress
Gross block*									
As at April 1, 2019	28.05	1,489.86	24.73	2.95	45.80	7.77	75.25	1,674.41	-
Additions									
Disposals									
Capitalisation									
As at March 31, 2020	28.05	1,489.86	24.73	2.95	45.80	7.77	75.25	1,674.41	-
Additions	-	131.47	-	-	-	-	-	131.47	-
Disposals	-	-	-	-	(33.18)	-	-	(33.18)	-
Capitalisation	1.90	-	-	-	-	-	-	1.90	-
As at March 31, 2021	26.15	1,621.33	24.73	2.95	12.62	7.77	75.25	1,770.80	55.20
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Capitalisation	-	-	24.73	0.35	8.80	-	45.23	79.11	-
As at March 31, 2022	26.15	1,621.33	-	2.60	3.82	7.77	30.02	1,691.69	198.61
Depreciation									
As at April 1, 2019	-	458.49	5.87	1.17	9.84	0.92	8.94	485.23	-
Charge for the year	-	42.71	4.70	0.93	6.40	0.74	7.15	62.63	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	501.20	10.57	2.10	16.24	1.66	16.09	547.86	-
Charge for the year	-	47.10	4.70	0.70	3.91	0.74	7.15	64.30	-
Disposals	-	-	-	-	(13.54)	-	-	(13.54)	-
As at March 31, 2021	-	548.30	15.27	2.81	6.61	2.40	23.23	598.62	-
Charge for the year	-	46.63	4.70	-	1.09	0.73	7.14	60.30	-
Disposals	-	-	(19.97)	(0.21)	(5.06)	-	(20.30)	(45.53)	-
As at March 31, 2022	-	594.93	-	2.60	2.64	3.13	10.08	613.39	-
Net carrying value									
As at March 31, 2020	28.05	988.66	14.16	0.85	29.56	6.11	59.16	1,126.56	55.20
As at March 31, 2021	26.15	1,073.02	9.46	0.14	6.01	5.37	52.01	1,172.19	-
As at March 31, 2022	26.15	1,026.40	-	-	1.18	4.63	19.94	1,078.30	198.61

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13. Intangible assets

Particulars	Software	Total Intangible Assets
<u>Gross block</u>		
As at April 1, 2019	2.02	2.02
Additions	-	-
Disposals	-	-
Capitalisation	-	-
As at March 31, 2020	**2.02**	**2.02**
Additions	-	-
Disposals	-	-
Capitalisation	-	-
As at March 31, 2021	**2.02**	**2.02**
Additions	-	-
Disposals	2.02	-
Capitalisation	-	-
As at March 31, 2022	-	**2.02**
<u>Depreciation</u>		
As at April 1, 2019	0.80	0.80
Charge for the year	0.64	0.64
Disposals	-	-
As at March 31, 2020	**1.44**	**1.44**
Charge for the year	0.48	0.48
Disposals	-	-
As at March 31, 2021	**1.92**	**1.92**
Charge for the year	.10	.10
Disposals	**2.02**	2.02
As at March 31, 2022	-	-
<u>Net carrying value</u>		
As at March 31, 2020	**0.58**	**0.58**
As at March 31, 2021	**0.10**	**0.10**
As at March 31, 2022	-	-

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3 Long Term Loans and Advances

	March 31, 2022	March 31, 2021	March 31, 2020
Security deposits	10.38	9.80	9.35
Total	**10.38**	**9.80**	**9.35**

4 Deferred Tax Asset (Net)

	March 31, 2022	March 31, 2021	March 31, 2020
Business loss	76.46	76.46	123.77
Depreciation	-76.28	-68.85	-65.67
Total	**0.18**	**7.62**	**58.10**

5 Other Non-current assets
(Unsecured, considered good unless otherwise stated)

	March 31, 2022	March 31, 2021	March 31, 2020
Balance with Government Auditors (Other than income Tax)	10.96	10.96	10.96
Total	**10.96**	**10.96**	**10.96**

6 Trade receivables
(Unsecured, considered good unless otherwise stated)

	March 31, 2022	March 31, 2021	March 31, 2020
Unsecured – Considered Goods			
Outstanding for a period exceeding 6 months			
From the date they are due payment	221.64	221.64	228.85
Less: Bad debts written off	148.64	-	-
	73.00	221.64	228.85
Other Receivables	20.07	24.97	23.84
Total	**93.07**	**246.61**	**252.69**

7 Cash and cash equivalents

	March 31, 2022	March 31, 2021	March 31, 2020
Cash on Hand	0.11	0.62	0.20
Balance with Banks in Current Account	4.70	8.38	1.34
Balance with Banks in Escrow Account	21.02	27.62	27.01
Balance in HDFC-Fixed deposits	10.14	-	-
Total	**35.97**	**36.62**	**28.55**

8 Others current financial assets
(Unsecured, considered good unless stated otherwise)

	March 31, 2022	M rch 31, 2021	M arch 31, 2020
Advances recoverable in cash or kind for			
Value to received	1.92	49.79	35.54
Interest received form bank	0.09	-	-
Total	**2.01**	**49.79**	**35.54**

9 Current Tax Asset (Net)

	March 31, 2022	March 31, 2021	March 31, 2020
TDS/Advance Income Tax (Net of Provision)	34.18	30.28	34.70
Total	**34.18**	**30.28**	**34.70**

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10 Share capital

Authorized share capital

Equity shares of Rs.10/- each (March 31, 2021: Rs.10/- each; March 31, 2020: Rs.10/- each)

	Number of Shares	Rs. In lakhs
At April 1, 2019	1,40,00,000	1,400.00
Increase/(decrease) during the year	-	-
At March 31, 2020	1,40,00,000	1,400.00
Increase/(decrease) during the year	-	-
At March 31, 2021	1,40,00,000	1,400.00
Increase/(decrease) during the year	-	-
At March 31, 2022	1,40,00,000	1,400.00

Issued, Subscribed and Paid-up Capital

Equity shares of Rs.10/- each (March 31, 2020: Rs.10/- each; March 31, 2019: Rs.10/- each) issued, subscribed and fully paid

	Number of Shares	Rs. In lakhs
At April 1, 2019	57, 62,770	576.28
Increase/(decrease) during the year	-	-
At March 31, 2020	57,62,770	576.28
Increase/(decrease) during the year	-	-
At March 31, 2021	57,62,770	576.28
Increase/(decrease) during the year	-	-
At March 31, 2022	57,62,770	576.28

Details of shareholders holding more than 5% shares in the Company

	March 31, 2022		March 31, 2021		March 31, 2020	
	Number of shares held	% holding	Number of shares held	% holding	Number of shares held	% holding
R Jagadeesan	32,84,995	57%	32,84,995	57%	32,84,995	57%
Malathi Jagadeesan	5,68,530	10%	5,68,530	10%	5,68,530	10%
Salem Ramamurthy Murali Manoh	2,92,000	5%	2,92,000	5%	2,92,000	5%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 Other equity

Reserves and Surplus	March 31, 2022	March 31, 2021	March 31, 2020
(a) Securities premium account			
Balance at the beginning of the year	745.79	745.79	745.79
Balance at the end of the year	**745.79**	**745.79**	**745.79**
(b) General reserve			
Balance at the beginning of the year	587.67	587.67	587.67
Balance at the end of the year	**587.67**	**587.67**	**587.67**
(c) Surplus in the statement of profit and loss			
Balance at the beginning of the year	(5,839.34)	(5,674.72)	(5,456.49)
Add: Restated profit/ (loss) for the year	-	-	-
Other comprehensive income for the year	(510.33)	(164.62)	(218.23)
Balance at the end of the year	**(6,349.67)**	**(5,839.34)**	**(5,674.72)**
(d) Capital reserve			
Balance at the beginning of the year	3,495.62	3,495.62	3,495.62
Add: Other comprehensive income for the year	-	-	-
Balance at the end of the year	**3,495.62**	**3,495.62**	**3,495.62**
Total other equity	**(1,520.59)**	**(1,010.26)**	**(845.64)**

12 Borrowings (non-current)

	March 31, 2022	March 31, 2021	March 31, 2020
Secured:			
Loan against Rent Receivable	-	-	-
IDBI Bank ltd. Salem	448.73	834.73	873.47
IDBI Bank ltd. Salem – WCTL Loan	-	144.15	-
HDFC Bank ltd. Salem Term Loan-Rent Received	225.35	-	256.31
HDFC Bank ltd. Salem – LAP Loan	431.05	-	-
Unsecured:			
From Directors	695.48	721.07	271.68
Total	**1,800.61**	**1,699.95**	**1,401.46**

Note:

1. Loans from IDBI Bank Limited are secured by mortgage of title deeds of a portion of Unit-I Land located at Jagir Ammapalayam Village, Salem. Loans from HDFC Bank Ltd are secured by mortgage of title deeds of a Portion of Udayapatty Land, Salem.

2. Unsecured Loans borrowed from Directors are for 10 years at the Interest Rate of 10%.

TERMS OF BORROWINGS

The principal terms of borrowings are as below:

A) **Interest :**

The interest rate charged by the banks are as below:

Name of the Bank	Nature	Interest Rate
IDBI Bank Limited	Loan against Receivables	10.50% [Floating linked to Bank Marginal Cost of Funds based on Lending Rate of the Bank (8.65%) +1.85% Spread]
HDFC Bank Limited	Loan against Receivables	7.75% [Floating Interest rate linked to Policy Repo Rate i.e 4.00% (as Reference Rate) + 3.75% Spread]
HDFC Bank Limited	Loan against Property	8.00% [Floating Interest rate linked to Policy Repo Rate i.e 4.00% (as Reference Rate) + 4.00% Spread]

B) **Tenor :**

Name of the Bank	Nature	Tenor
IDBI Bank Limited	Loan against Receivables	180 Months
HDFC Bank Limited	Loan against Receivables	108 Months
HDFC Bank Limited	Loan against Property	120 Months

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

C) **Security**

Name of the Bank	Nature	Security
IDBI Bank Limited	Loan against Receivables	Assignment of receivables arising from the Premises, such other security on the Premises as acceptable to the Bank and such other security as may be acceptable by the Bank. Secured by mortgage of Title deeds of a portion of Land located at Jagir Ammapalayam Village, Salem
HDFC Bank Limited	Loan against Receivables	Assignment of receivables arising from the Premises, such other security on the Premises as acceptable to the Bank and such other security as may be acceptable by the Bank. Secured by mortgage of title deeds of a portion of land located in Udayapatty, Salem.
HDFC Bank Limited	Loan against Property	Secured by mortgage of land located in Udayapatty, Salem and by personal guarantee of Mr. R. Jagadeesan – Managing Director and Ms. Malathy Jagadeesan – Director

13 Other financial liabilities (non-current)

	March 31, 2022	March 31, 2021	March 31, 2020
Rent deposit	188.14	138.65	127.02
Total	**188.14**	**138.65**	**127.02**

14 Trade payables

	March 31, 2022	March 31, 2021	March 31, 2020
Dues to Micro & Small Enterprises	-	-	-
Dues to Other than Micro & Small Enterprises	176.62	10.56	7.41
Total	**176.62**	**10.56**	**7.41**

15 Other current Financial liabilities

	March 31, 2022	March 31, 2021	March 31, 2020
Current Maturity of Long Term Debts	98.11	75.54	57.98
Statutory Liabilities	10.06	6.35	8.70
Accrued Expenses	14.70	6.17	1.90
Advances Received	119.73	60.73	277.12
Total	**242.60**	**148.79**	**345.70**

16 Income from Operations

	March 31, 2022	March 31, 2021	March 31, 2020
Rent Receipts	221.08	166.78	191.26
Total	**221.08**	**166.78**	**191.26**

17 Other income

	March 31, 2022	March 31, 2021	March 31, 2020
Interest received – Banks	0.23	-	-
Interest received – Others	1.60	1.18	1.29
Profit/Loss on Sale of Assets	-	80.23	-
Total	**1.83**	**81.41**	**1.29**

18 Employee Benefits

	March 31, 2022	March 31, 2021	March 31, 2020
Salaries & Wages	40.20	41.45	54.70
Staff Welfare expenses	1.44	1.55	3.35
Total	**41.64**	**43.00**	**58.05**

19 Finance cost

	March 31, 2022	March 31, 2021	March 31, 2020
Interest to Banks	101.07	138.48	119.63
Interest to Others	59.28	29.97	54.53
Bank Charges / Commission	17.96	0.60	7.55
Total	**178.31**	**169.05**	**181.71**

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

20 Other Expenses

	March 31, 2022	March 31, 2021	March 31, 2020
Power and fuel	7.35	8.38	11.03
Repairs & maintenance	44.57	30.88	21.02
Insurance	3.09	1.88	0.67
Rent	-	8.75	15.15
Rates and taxes	7.66	12.20	17.83
Travelling & Conveyance	3.37	2.30	9.89
Professional & Legal fees	24.32	7.73	3.82
Audit Fees	0.94	0.89	0.89
Bad Debts W/off	148.65	-	-
Loss on Sale of Assets	26.79	-	-
Miscellaneous Expenses	5.52	4.40	5.10
Director Sitting Fees	0.14	0.12	0.15
Advertisement	0.58	1.00	1.54
Total	**272.98**	**78.53**	**87.09**

Payment to auditor (included under consultancy and other professional charges)

	March 31, 2022	March 31, 2021	March 31, 2020
As auditor			
- Statutory Audit Fees	0.59	0.59	0.59
- Tax audit fee	0.18	0.13	0.13
In other capacity			
-Other services (includes certifications)	0.17	0.17	0.17
Total	**0.94**	**0.89**	**0.89**

21 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computations

	For the year ended 31-Mar- 2022	For the year ended 31-Mar- 2021	For the year ended 31-Mar- 2020
Restated profit/(loss) available for equity shareholders	(510.33)	(164.62)	(218.23)
Weighted average number of equity shares in computing basic and diluted EPS	57,62,770	57,62,770	57,62,770
Face value of each equity share (Rs.)	10.00	10.00	10.00
Earnings per share			
- Basic (Rs.)	(8.86)	(2.86)	(3.79)
- Diluted (Rs.)	(8.86)	(2.86)	(3.79)

22 Related Party Transactions

Key Management Personnel (KMP) and their relatives - Mr. Mr.R. Jagadeesan- Managing Director
Mrs. Malathi Jagadeesan - Director

Related party transactions for the year ended March 31, 2022

Transactions with Related parties		**Rs in lakhs**
Transactions during the period		
Remuneration paid:		
Mr. Jagadeesan	-	15.00
Interest paid		
Mr. Jagadeesan	-	56.97
Loans Availed / (paid)		
Mr. Jagadeesan	-	(76.52)
Mrs. Malathi jagadeesan	-	(6.04)
Balance outstanding Payable / (Receivable) as at the year end		
Mr. Jagadeesan	-	692.72
Mrs. Malathi jagadeesan		2.76

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Related party transactions for the year ended March 31, 2021

Transactions with Related parties		Rs in lakhs
Transactions during the period		
Remuneration paid:		
Mr. Jagadeesan	-	15.00
Interest paid		
Mr. Jagadeesan	-	14.75
Loans Availed / (paid)		
Mr. Jagadeesan	-	451.17
Mrs. Malathi jagadeesan	-	(16.53)
Balance outstanding Payable / (Receivable) as at the year end		
Mr. Jagadeesan	-	712.27
Mrs. Malathi jagadeesan		8.80

Related party transactions for the year ended March 31, 2020

Transactions with Related parties		Rs in lakhs
Transactions during the period		
Remuneration paid:		
Mr. Jagadeesan	-	15.00
Interest paid		
Mr. Jagadeesan	-	-
Loans Availed / (paid)		
Mr. Jagadeesan	-	173.20
Mrs. Malathi jagadeesan	-	19.29
Balance outstanding Payable / (Receivable) as at the year end		
Mr. Jagadeesan	-	246.35
Mrs. Malathi jagadeesan		25.33

23 Contingent liabilities

Claims against the company which are contested/proposed to be contested before various judicial forums:

	March 31, 2022	March 31, 2021	March 31, 2020
The Cotton Corporation of India Limited, Coimbatore Income tax	-	126.16	126.16
Total	-	**126.16**	**126.16**

24 Segment Reporting

The Company presently earns revenue from letting out the factory premises, which constitutes single business segment. As per management's perspective, the risks and returns from do not materially vary geographically. Accordingly, there are no business / geographical segments to be reported under Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.

25 No provision for tax has been made in the absence of taxable profits for the current quarter. Deferred Tax has been provided on the timing differences. Unabsorbed losses and depreciation for the 4 years ending March 31,2022, have not been considered on account of the continued losses.

26 Sundry Debtors and Creditors Balances are subject to confirmation and reconciliation

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27 Additional regulatory information required by Schedule III

i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii) Borrowing secured against current assets

The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.

iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

v) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

vi) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

viii) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

ix) Valuation of Property, plant and equipment, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets during the current or previous year

x) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

xi) Utilisation of borrowings availed from banks and financial institutions

The borrowings obtained by the Company from banks and financial institutions have been applied for the purposes for which such loans were was taken.

xii) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

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28 Ageing of trade payable

Ageing of Trade Payables as at March 31, 2022

(Rs. in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others			58.56			118.06	176.62
(B) Disputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	-	-	**58.56**	-	-	**118.06**	**176.62**

Ageing of Trade Payables as at March 31, 2021

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others			10.57				10.57
(B) Disputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	-	-	**10.57**	-	-	-	**10.57**

Ageing of Trade Payables as at March 31, 2020

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others			7.42				7.42
(B) Disputed trade payables							
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	-	-	**7.42**	-	-	-	**7.42**

29 Ageing of Trade Receivables

(Rs. in Lakhs)

Ageing of Trade receivables as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed Trade receivables							
(i) considered good		20.07				73.00	93.07
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) credit impaired	-	-	-	-	-	-	-
(B) Disputed Trade Receivables							
(i) considered good	-	-	-	-	-	-	-
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) credit impaired	-	-	-	-	-	-	-
Total	-	**20.07**	-	-	-	**73.00**	**93.07**
Allowance for doubtful debts							-
Total							**93.07**

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Ageing of Trade receivables as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed Trade receivables							
(i) considered good		24.96				221.65	246.71
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) credit impaired	-	-	-	-	-	-	-
(B) Disputed Trade Receivables							
(i) considered good	-	-	-	-	-		-
(ii) which have significant increase in credit risk	-	-	-	-	-		-
(iii) credit impaired	-	-	-	-	-	-	-
Total	-	**24.96**	-	-	-	**221.65**	**246.71**
Allowance for doubtful debts							-
Total							**246.71**

Ageing of Trade receivables as at March 31, 2020

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(A) Undisputed Trade receivables							
(i) considered good		31.04				221.65	252.69
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) credit impaired	-	-	-	-	-	-	-
(B) Disputed Trade Receivables							
(i) considered good	-	-	-	-	-		-
(ii) which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) credit impaired	-	-	-	-	-	-	-
Total	-	**31.04**	-	-	-	**221.65**	**252.69**
Allowance for doubtful debts							-
Total							**252.69**

30 Capital Management

The Company manages its capital structure and makes necessary adjustments in light of changes in economic conditions and the requirement of financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or raise / retire debt. The primary objective of the Company's capital management is to maximise the shareholders' value.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern

(Rs. in lakhs)

Particulars		As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Borrowings		1800.61	1699.94	1401.46
Less : Cash & Cash Equivalents		35.97	36.61	28.55
Net Debt	(i)	1764.64	1663.33	1372.91
Total Equity	(ii)	(944.31)	(433.98)	(269.36)
Gearing Ratio	(i/ii)	-ve	-ve	-ve

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Disclosure of Financial Ratios

Ratio	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for variance
Current Ratio (times)	Current Assets	Current Liabilities	0.39	2.28	(82.89%)	The reduction in Current Assets Ratio is on account of reduction in Trade Receivables and increase in Trade Payables
Debt-Equity Ratio (times)	Total Debt	Shareholder's Equity	-ve	-ve	-	The Shareholders' Equity is Negative on account of accumulated losses
Debt Service Coverage Ratio (times)	Earnings available for debt service	Debt Service	-ve	-ve	-	The Company has incurred losses for both the years and hence DSCR -ve for both the years.
Return on Equity Ratio (%)	Profit / (Loss) after taxes	Average Shareholder's Equity	-ve	-ve	-	Shareholder's Equity is negative on account of accumulated losses
Trade Receivables Turnover Ratio (times)	Revenue from Operations	Average Trade Receivable	1.30	0.67	94.03%	The increase in Trade Receivables Ratio is on account of reduction in Trade Receivables.
Trade Payables Turnover Ratio (times	Total Purchases	Average Trade Payables	NA	NA	-	-
Net Capital Turnover Ratio (times)	Revenue from Operations	Working Capital	(0.87)	0.82	(206.09 %)	The reduction is on account of negative workings capital.
Net Profit Ratio (%)	Profit after Tax (PAT)	Revenue from Operations	(230.85%)	(9870%)	(133.89 %)	The reduction in Net Profit Ratio despite increase in Revenue is on account of Prior Year Adjustments and bad debts w/off
Return on Capital Employed (%)	Earnings Before Interest and Tax before exceptional items	Capital Employed (Shareholder's Equity + borrowings)	-ve	-ve	-	The Capital Employed is Negative on account of accumulated losses
Return on Investment (%)	Dividend / Gains	Investment	NA	NA	-	-

THAMBBI MODERN SPINNING MILLS LIMITED
NOTES TO FINANCIAL STATEMENTS

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of investments, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security deposits and tender deposits are not significantly different from the carrying amount.
Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, tender deposits and other financial assets.

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Fair value measurement hierarchy of assets and liabilities

	As at 31st March, 2022		As at 31st March, 2021		As at 31st March, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS						
Security Deposits	10,37,993	10,37,993	9,80,269	9,80,269	9,35,503	9,35,503
Other Assets	10,96,079	10,96,079	10,96,079	10,96,079	10,96,079	10,96,079
FINANCIAL LIABILITIES						
Borrowings	18,00,60,569	18,00,60,569	16,99,94,627	16,99,94,627	14,01,46,293	14,01,46,293

FAIR VALUE HIERARCHY

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Fair value measurement hierarchy of assets and liabilities

	Level 1	Level 2	Level 3
As at 31 March, 2022			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Security Deposits	-	-	10,37,993
Other Assets			10,96,079
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	-	18,00,60,569

	Level I	Level 2	Level 3
As at 31st March, 2021			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Security Deposits	-	-	9,80,269
Other Assets	-	-	10,96,079
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	-	16,99,94,627

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Level 1	Level 2	Level 3
As at 31st March, 2020			
FINANCIAL ASSETS			
Financial assets measured at amortized cost			
Security Deposits	-	-	9,35,503
Other Assets	-	-	10,96,079
FINANCIAL LIABILITIES			
Financial liabilities measured at amortized cost			
Borrowings	-	-	14,01,46,293

There have been no transfers between Level 1 and Level 2 during the period

Years	Increase/ decrease in basis points	Impact on profit (In INR)
2022		
INR	+100	(17,81,674)
INR	-100	17,81,674
2021		
INR	+100	(18,71,648)
INR	-100	18,71,648
2020		
INR	+100	(19,35,085)
INR	-100	19,35,085

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

Years	% Change in USD/ Euro rate	Impact on profits (In INR)
2022	+5%	-
	-5%	-
2021	+5%	-
	-5%	-
2020	+5%	-
	-5%	-

(B) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts.The Company does not foresee any credit risks on deposits with regulatory authorities.

Ageing	0-30 Days	31-90 Days	91-365 Days	1-5 years	More than 5 years	Total
Gross Carrying amount (as on 31 March 2022)	20.07	0.00	0.00	0.00	73.00	**93.07**
Expected loss rate	0.00	0.00	0.00	0.00	0.00	**0.00**
Expected credit losses (loss allowance provision)	0.00	0.00	0.00	0.00	0.00	**0.00**
Carrying amount of trade receivables (net of impairment)	**20.07**	**0.00**	**0.00**	**0.00**	**73.00**	**93.07**

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Ageing	0-30 Days	31-90 Days	91-365 Days	1-5 years	More than 5 years	Total
Gross Carrying amount (as on 31 March 2021)	24.96	0.00	0.00	0.00	221.64	**246.61**
Expected loss rate	0.00	0.00	0.00	0.00	0.00	**0.00**
Expected credit losses (loss allowance provision)	0.00	0.00	0.00	0.00	0.00	**0.00**
Carrying amount of trade receivables (net of impairment)	**24.96**	**0.00**	**0.00**	**0.00**	**221.64**	**246.61**

Ageing	0-30 Days	31-90 Days	91-365 Days	1-5 years	More than 5 years	Total
Gross Carrying amount (as on 31 March 2020)	31.04	0.00	0.00	0.00	221.64	**252.69**
Expected loss rate	0.00	0.00	0.00	0.00	0.00	**0.00**
Expected credit losses (loss allowance provision)	0.00	0.00	0.00	0.00	0.00	**0.00**
Carrying amount of trade receivables (net of impairment)	**31.04**	**0.00**	**0.00**	**0.00**	**221.64**	**252.69**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Company's financial liabilities:

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
As at 31 March 2022						
Long-term borrowings	-	14.70	73.59	570.26	722.95	1,381.50
Trade payables	-	176.62	0.00	0.00	0.00	176.62
Other financial liabilities	-	34.59	119.73	188.14	0.00	342.46
	-	225.91	193.31	758.41	722.95	1,900.58
As at 31 March 2021						
Long-term borrowings	-	18.89	56.66	405.44	643.70	1124.69
Trade payables	-	10.57	0.00	0.00	0.00	10.57
Other financial liabilities	-	12.52	60.73	13.86	0.00	87.11
	-	**493.79**	**504.01**	**1936.12**	**2089.59**	**5023.52**

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

As at 31 March 2020						
Long-term borrowings	-	14.49	43.48	291.30	561.95	911.23
Trade payables	-	7.42	0.00	0.00	0.00	7.42
Other financial liabilities	-	10.60	277.12	127.02	0.00	414.74
	-	**32.51**	**320.61**	**418.32**	**561.95**	**1333.39**

32. Previous year's figures have been regrouped wherever necessary, to confirm with the current year's disclosures.

33. Events after the reporting period

Subsequent to the March 31, 2022, in the meeting held on 24/05/2022 the Board of Directors have approved a proposal to raise funds, by way of issue of equity shares of the Company to its eligible shareholders on a rights issue (***"Rights Issue"***) in a ratio of one share for every one share held.

For ABNJ & Co.
Chartered Accountants
ICAI Firm registration number: 121677W

ABNJ & CO. FRN-121677W Chartered Accountants

Nilesh Mundada
Partner
Membership no.: 131015

Place: Mumbai
Date: 11 OCT 2022

For and on behalf of the Board of Directors
Thambbi Modern Spinning Mills Limited

R Jagadeesan
Managing Director
DIN:01153985

M.Pugazhendhi
Director
DIN:01137623

P Rajasekaran
Chief Financial Officer

M Uma Maheshwari
Company Secretary

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FRN-
121677W
Chartered Accountants

ACCOUNTING RATIOS

The Financial Ratio based on Restated Financial Statements of Accounting are as follow:

(₹ in lakhs)

Particulars	For three month period ended June 30, 2022	For the year ended March 31		
		2022	2021	2020
Basic and Diluted Earnings Per Share (Rs.)				
Basic Earnings Per Share (Basic EPS)				
Net profit / (loss) after tax, as restated, attributable to equity shareholders	-17.14	-510.33	-164.62	-218.23
Weighted average number of Equity Shares outstanding	57,62,770	57,62,770	57,62,770	57,62,770
Basic EPS in Rs.	**-0.30**	**-8.86**	**-2.86**	**-3.79**
Face value in Rs.	**10.00**	**10.00**	**10.00**	**10.00**
Diluted Earnings Per Share (Diluted EPS)				
Net profit / (loss) after tax, as restated, attributable to equity shareholders	-17.14	-510.33	-164.62	-218.23
Weighted average number of Equity Shares considered for calculating Diluted EPS	57,62,770	57,62,770	57,62,770	57,62,770
Diluted EPS in Rs.	**-0.30**	**-8.86**	**-2.86**	**-3.79**
Face value in Rs.	**10.00**	**10.00**	**10.00**	**10.00**
Net Asset Value Per Equity Share (Rs.)				
Net Asset Value (Net-worth), as restated	-961.45	-944.31	-433.98	-269.36
Number of equity shares outstanding at the year end	57,62,770	57,62,770	57,62,770	57,62,770
Number of adjusted equity shares outstanding at the year end	57,62,770	57,62,770	57,62,770	57,62,770
Net Assets Value per equity share (Rs.)	**-16.68**	**-16.39**	**-7.53**	**-4.67**
Return on Net worth				
Net Profit / (loss) after tax, as restated	-17.14	-510.33	-164.62	-218.23
Net worth, as restated	-961.45	-944.31	-433.98	-269.36
Return on net worth	**1.78%**	**54.04%**	**37.93%**	**81.02%**
EBITDA				
Profit / (loss) after tax (A)	-17.14	-510.33	-164.62	-218.23
Income tax expense (B)	-	7.44	50.48	20.67
Finance costs (C)	39.61	178.31	169.05	181.71
Depreciation and amortization expense (D)	13.33	60.31	64.78	63.26
EBITDA (A+B+C+D)	**35.80**	**-264.27**	**119.69**	**47.41**

The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Share

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity shareholders}}{\text{Weighte d average number of equity shares outs tanding during the year}}$$

(ii) Net Assets Value (NAV)

$$\frac{\text{Net Asset Value, as restated, at the end of the year}}{\text{Number of equity shares outstanding at th e end of the year}}$$

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(iii) Return on Net worth (%)

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity share holders}}{\text{Net worth (excluding revaluation reserve), as resta ted, at the end of t he year}}$$

Net-worth (excluding revaluation reserve), as restated, means the aggregate value of the paid-up share capital (including shares pending allotment) and securities premium account, after adding surplus in Statement of Profit and Loss, as restated.

(iv) EBITDA

Profit/(loss) after tax for the period adjusted for income tax, expense, finance costs, depreciation and amortization expense, as presented in the restated financial statement of profit and loss.

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CAPITALISATION STATEMENT

Particulars	Pre-Issue as on June 30, 2022	Post-Issue
Debt		
Long-term Borrowing (A)	1,766.75	[•]
Short-term Borrowing (B)	-	-
Add: Current maturities of long term borrowings	100.24	[•]
Total Debts (C)	**1,866.99**	**[•]**
Shareholders' Funds		
Equity Share Capital	576.28	576.28
Reserves and Surplus	-1,537.73	-1,537.73
Total Shareholders' funds (D)	**-961.45**	**-961.45**
Long Term Debt/Equity (C/D)	**-1.94**	**[•]**

Notes:

1) Short term borrowings represent debts which are due within 12 months from March 31, 2022.

2) Long term debts include current portion of long-term borrowings repayable over the next twelve months.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with the **"Financial Information"** beginning on page 84. Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read **"Risk Factors"** and **"Forward Looking Statements"** beginning on page 21 and 16 respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.*

*Our financial statements included in this Draft Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2022, Fiscal 2021, Fiscal 2020 and for the three-month period ended June 30, 2022 included herein is based on the Restated Financial Statements included in this Draft Letter of Offer. For further information, see **"Financial Statements"** beginning on page 84.*

OVERVIEW OF OUR BUSINESS

Our company was originally incorporated on March 07, 1977 as a Private Limited Company under the name and style of ***Thambi Modern Spinning Mills Private Limited*** under the provisions of the Companies Act, 1956 with the Registrar of Companies, Tamilnadu. Subsequently, our company became a deemed Public Limited Company vide passing resolutions in terms of Section 43A (4) of the Companies Act, 1956 with effect from June 15, 1988 and a full-fledged Public Limited Company on March 11, 1994 and name of the company was changed to ***Thambi Modern Spinning Mills Limited***. Further, our company has changed its name to ***Thambbi Modern Spinning Mills Limited*** by passing the resolutions in terms of Section 21 of the Companies Act, 1956 pursuant to issuance of Fresh Certificate of Incorporation dated May 06, 1994 by Registrar of Companies, Tamilnadu, Coimbatore. The Corporate Identification Number of our company L17111TZ1977PLC000776.

Our Company was promoted by Mr. N. Ramasamy Udayar and originally was engaged in the business of spinning and weaving of different type of fibers and yarns. It also involves in the trading of cotton and yarns. However, the textile manufacturing activity was closed down in the year March 2014 and lease out its buildings to earn rental income.

We work under the guidance of our Promoter and Managing Director, Mr. Ramasamy Udayar Jagadeesan, who has an experience of more than three (03) decades in the textile industry and been associated with our Company since its incorporation and is one of our founding members. Also, he gains experience in the real estate market by letting the existing facilities and developing the properties. He has been looking after the day-to-day business operations, growth and future prospects of our company.

Our restated revenues from operations for Fiscals 2022, 2021, 2020 and three-month period ended June 30, 2022 were ₹ 221.08 lakhs, ₹ 166.78 lakhs, ₹ 191.26 lakhs and ₹ 73.10 lakhs respectively. Our restated EBITDA for the Fiscals 2022, 2021 2020 and three-month period ended June 30, 2022 were ₹ (91.71) lakhs, ₹ 126.66 lakhs, ₹ 47.41 lakhs, and ₹ 35.80 lakhs, respectively. Our restated profit / (loss) after tax for Fiscals 2022, 2021, 2020 and three-months period ended June 30, 2022 were ₹ (510.33) lakhs, ₹ (164.62) lakhs, ₹ (218.23) lakhs and ₹ (17.14) lakhs, respectively. For further details, please refer to the section titled ***"Financial Information***" on page 84 of this Draft Letter of Offer.

SIGNIFICANT FACTORS AFFECTING OUR 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 21. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations in Tamilnadu;
- Loss of one or more of our key customers;
- An increase in the overall efficiency of our competitors;

- Our ability to maintain and enhance our brand image;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in 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;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Any adverse outcome in the legal proceedings in which we are involved;
- The performance of the financial markets in India and globally;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Individual Promoter and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Termination of customer contracts without cause and with little or no notice or penalty; and
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please refer section titled ***"Restated Financial Statements"*** on page 84.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter ***"Restated Financial Statements"*** on page 84, there has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

There are no qualifications or adverse remarks which require any explanation from the Board of Directors. For details, see section titled ***"Restated Financial Statements"*** on page 84.

Principal components of our statement of profit and loss account Revenue

The following descriptions set forth information with respect to the key components of the Summary Statements.

Total income

Our revenue comprises of:

Revenue from operations

Our revenue from operations consists of rental income by leasing the properties for Godown-Stock purposes.

Other Income

Other income primarily comprises certain non-recurring income interest income from Banks and others.

Expenses

Our expenses primarily comprise of employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, and staff welfare expenses.

Other expenses

Other expenses comprise of sugar distribution expenses, vehicle maintenance, travel expenses, rent expense, repair & maintenance expenses, freight and forwarding, insurance &Insurance and miscellaneous expenses.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loans. Other finance costs consist of bank charges and commission, pre closure charges, etc.

Depreciation and Amortization Expense

Depreciation and amortization expense comprises of depreciation on building, plant and machinery, office equipment, furniture & fixtures, electrical fittings and generator set.

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 asset is recognized based on the difference between taxable profit and book profit because of timing differences and treatment of expenses. 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, for the three months periods ended June 30, 2022 and June 30, 2021, certain items derived from our Summary Statements, in each case also stated as a percentage of our total income:

(₹ in Lakhs)

Particulars	For the Year Ended June 30, 2022		For the Year Ended June 30, 2021	
	Amount	(%)*	Amount	(%)*
Revenue				
Revenue from Operations	73.10	98.68%	46.60	100.00%
Other Income	0.98	1.32%	-	0.00%
Total Revenue	**74.08**	**100.00%**	**46.60**	**100.00%**
Expenses:				
Employee Benefit Expenses	9.35	12.62%	8.34	17.90%
Finance Costs	39.61	53.47%	30.84	66.18%
Depreciation & Amortization	13.33	17.99%	16.20	34.76%
Other Expenses	28.93	39.05%	19.10	40.99%
Total Expenses	**91.22**	**123.14%**	**74.48**	**159.83%**
Profit/(Loss) before exceptional item, prior year adjustments and Tax	**(17.14)**	**(23.14%)**	**(27.88)**	**-(59.83%)**
Exceptional Items	-	0.00%	-	0.00%
Prior year adjustments	-	0.00%	-	0.00%
Profit before Tax	**(17.14)**	**(23.14%)**	**(27.88)**	**-(59.83%)**
Tax Expenses:				
(i) Current tax	-	0.00%	-	0.00%
(ii) Deferred Tax	-	0.00%	-	0.00%
Restated Profit/ (Loss) After Tax	**(17.14)**	**(23.14%)**	**(27.88)**	**-(59.83%)**
Other Comprehensive Income				
Total Comprehensive Income for the Year	**(17.14)**	**(23.14%)**	**(27.88)**	**-(59.83%)**

The following table sets forth, for the Fiscals 2022, 2021 and 2020 indicated, certain items derived from our Summary Statements, in each case also stated as a percentage of our total income:

(₹ in Lakhs)

Particulars	Fiscal 2022	Percentage of total income	Fiscal 2021	Percentage of total income	Fiscal 2020	Percentage of total income
Revenue						
Revenue from Operations	221.08	99.18%	166.78	67.20%	191.26	99.33%
Other Income	1.83	0.82%	81.41	32.80%	1.29	0.67%
Total Revenue	**222.91**	**100.00%**	**248.19**	**100.00%**	**192.55**	**100.00%**
Expenses:						
Employee Benefit Expenses	41.64	18.68%	43.00	17.33%	58.05	30.15%
Finance Costs	178.31	79.99%	169.05	68.11%	181.71	94.37%
Depreciation & Amortization	60.31	27.06%	64.78	26.10%	63.27	32.86%
Other Expenses	272.98	122.46%	78.53	31.64%	87.09	45.23%
Total Expenses	**553.24**	**248.19%**	**355.36**	**143.18%**	**390.12**	**202.61%**
Profit/(Loss) before Exceptional items and Tax	**-330.33**	**-148.19%**	**-107.17**	**-43.18%**	**-197.57**	**-102.61%**
Exceptional Item	-	0.00%	-	0.00%	-	0.00%
Prior period Adjustments	-172.56	-77.41%	-6.97	-2.81%	-	0.00%
Profit/(Loss) before Tax	**-502.89**	**-225.60%**	**-114.14**	**-45.99%**	**-197.57**	**-102.61%**
Tax Expenses:						
(i) Current tax	-	0.00%	-	0.00%	-	0.00%
(ii) Deferred Tax	-7.44	3.34%	-50.48	20.34%	-20.66	10.73%
Profit/ (Loss) After Tax for the period from continuing operations	**-510.33**	**-228.94%**	**-164.62**	**-66.33%**	**-218.23**	**-113.34%**
Other Comprehensive Income	-	0.00%	-	0.00%	-	0.00%
Total Comprehensive Income for the year (comprising profit/loss) and other Income	**-510.33**	**-228.94%**	**-164.62**	**-66.33%**	**-218.23**	**-113.34%**

Comparison of Historical Results of Operations

Fiscal 2022 compared to Fiscal 2021

Total Income

Our total income for the Fiscal 2022 was ₹ 222.91 lakhs as compared to ₹ 248.19 lakhs for the Fiscal 2021, representing a decrease of 10.19%. Total revenue comprises of Rental Income.

Revenue from Operations

Our revenue from operations for the Fiscal 2022 was ₹ 221.08 lakhs as compared to ₹ 166.78 lakhs for the Fiscal 2021, representing an increase of 32.56%. This is primarily due to decrease in 2021 due to Covid-19, so it is normal in 2022 and a new customer occupied in 2022.

Other income

Other income for the Fiscal 2022 was ₹ 1.83 lakhs as compared to ₹ 81.41 lakhs for the Fiscal 2021, representing a decrease of 97.75%. This decrease in other income was primarily due to Nil receipts of profit/loss from sale of Fixed Assets in the fiscal 2022 over fiscal 2021 of ₹ 80.23 lakhs and rest were from interest income from banks and others.

Expenses

Our total expenses for the Fiscal 2022 was ₹ 553.24 lakhs as compared to ₹ 355.36 lakhs for the Fiscal 2021, representing a increase of 55.68%. Due to Written of Bad Debts, Loss on sale of Fixed Assets, considerable increase in professional & legal fees and repairs & maintenance.

Employee benefits expense

Employee benefits expense for the Fiscal 2022 was ₹ 40.20 lakhs as compared to ₹ 41.45 lakhs for the Fiscal 2021, representing a decrease of 3.16%. This was due to decrease in salaries, wages, due to reduction in Employees

Finance costs

Finance costs for the Fiscal 2022 was ₹ 178.31 lakhs as compared to ₹ 169.05 lakhs for the Fiscal 2021, representing a increase of 5.48%. The increase in finance cost is due to bank charges & commission and Pre closure charges for the loan availed by the company from banks.

Depreciation and amortisation expense

Depreciation and amortization expense for the Fiscal 2022 was ₹ 60.31 lakhs as compared to ₹ 64.78 lakhs for the Fiscal 2021, representing a small decrease of 6.90%. There is no change in Ind AS accounting in the year.

Other expenses

Other expenses for the Fiscal 2022 was ₹ 272.98 lakhs as compared to ₹ 78.53 lakhs for the Fiscal 2021, representing a significant increase of 247.61%. The increase was mainly due to increase expenses incurred on repairs & maintenance, Written of Bad Debts, Loss on sale of Fixed Assets and Professional & legal fees.

Profit/(loss) before tax

The profit/(loss) before tax for the Fiscal 2022 of ₹ negative 502.89 lakhs as compared to ₹ negative 114.14 lakhs for the Fiscal 2021. This is due to sudden increase in other expenses and adjustment of prior period Expenses.

Total tax expense

Total tax expense for the Fiscal 2022 ₹ 7.44 lakhs as compared to ₹ 50.48 lacs for the Fiscal 2021, representing an decrease of 85.26%. The decrease was due to impact of deferred tax.

Profit/(loss) for the year

As a result of the aforesaid, Our Company earned a profit/(loss) for the year for the Fiscal 2022 of negative ₹ 510.33 lakhs as compared to negative ₹ 164.62 lakhs for the Fiscal 2021. The increase in profit/loss after tax is due to increase in finance cost and other expenses.

Fiscal 2021 compared to Fiscal 2020

Total Income

Our total income for the Fiscal 2021 was ₹ 248.19 lakhs as compared to ₹ 192.55 lakhs for the Fiscal 2020, representing a increase of 28.90%. Total revenue comprises of Rental Income and other income from sale of assets

Revenue from Operations

Our revenue from operations for the Fiscal 2021 was ₹ 166.78 lakhs as compared to ₹ 191.26 lakhs for the Fiscal 2020, representing a decrease of 12.80%. This is primarily due to Covid-19 effect.
Other income

Other income for the Fiscal 2021 was ₹ 81.41 lakhs as compared to ₹ 1.29 lakhs for the Fiscal 2020, representing an increase of 6210.85%. The increase in other income was primarily due to Profit on sale of assets.

Expenses

Our total expenses for the Fiscal 2021 was ₹ 355.36 lakhs as compared to ₹ 390.12 lakhs for the Fiscal 2020, representing a decrease of 8.91%. This change was due to decrease in finance cost, employee benefit expenses and other expenses.

Employee benefits expense

Employee benefits expense for the Fiscal 2021 was ₹ 43.00 lakhs as compared to ₹ 58.05 lakhs for the Fiscal 2020, representing a decrease of 25.93%. This was due to decrease in salaries, wages, and employee welfare expenses on account of Covid-19

Finance costs

Finance costs for the Fiscal 2021 was ₹ 169.05 lakhs as compared to ₹ 181.71 lakhs for the Fiscal 2020, representing a decrease of 6.97%. The decrease in finance cost is due to Covid-19

Depreciation and amortisation expense

Depreciation and amortization expense for the Fiscal 2021 was ₹ 64.78 lakhs as compared to ₹ 63.27 lakhs for the Fiscal 2020, representing a small increase of 2.39%.

Other expenses

Other expenses for the Fiscal 2021 was ₹ 78.53 lakhs as compared to ₹ 87.09 lakhs for the Fiscal 2020, representing a decrease of 9.83%. The decrease was mainly due to less expenses incurred due to Covid-19 Pandemic

Profit/(loss) before tax

The profit/(loss) before tax for the Fiscal 2021 of negative ₹ 114.14 lakhs as compared to negative ₹ 197.57 lakhs for the Fiscal 2020. The reduction in profit/loss before tax is due to Covid-19 Pandemic

Total tax expense

Total tax expense for the Fiscal 2021 ₹ 50.48 lakhs as compared to ₹ 20.66 lakhs for the Fiscal 2020, representing an increase of 144.34%. The increase was due to impact of deferred tax.

Profit/(loss) for the year

As a result of the aforesaid, Our Company earned a profit/(loss) for the year for the Fiscal 2021 of negative ₹ 164.62 lakhs as compared to negative ₹ 218.23 lakhs for the Fiscal 2020, representing a decrease of 24.57%. The decrease in profit/loss after tax is due to Covid-19, Pandemic

COMPARISION OF THREE MONTHS ENDED JUNE 30, 2022 WITH THREE MONTHS ENDED JUNE 30, 2021

Total Income

Our total income for three month ended June 30, 2022 was ₹ 74.08 lakhs as compared to ₹ 46.60 lakhs for three month ended June 30, 2021, representing increase of 56.87% which is bifurcated into revenue from operations and other income. This increase is due to general increase in the business operations of the company.

Revenue from operations

During the three months ended on June 30, 2022, the revenue from operations of our company increased to ₹ 73.10 lakhs as against ₹ 46.60 lakhs in the three months ended on June 30, 2021. This increases due to addition of new customers such as Saffire Foods and IDDPL'S rental income.

Other income

During the three months ended on June 30, 2022, the revenue from other income of our company was ₹ 0.98 lakhs, an 100% increase over the three months ended on June 30, 2021. This increase was due to receipts of interest from Income tax Department for Tax Refund.

Expenses

The total expenditure for the three months ended on June 30, 2022 was increased to ₹ 91.22 lakhs from ₹ 74.48 lakhs in three months ended on June 30, 2021, representing 22.48% increase, owing to increase in salaries, wages and maintenance expenses.

Employee benefit expenses

Our Company has incurred ₹ 9.35 lakhs of employee benefit expenses for three months ended on June 30, 2022, as compared to ₹ 8.34 lakhs for three months ended on June 30, 2021, reflecting an increase of 12.11%. This was mainly due to increase in salaries, wages and employee welfare expenses.

Finance cost

Finance costs increased to ₹ 39.61 lakhs for three months ended on June 30, 2022 from ₹ 30.85 lakhs for three months ended on June 30, 2021, representing a change of 28.44%, majorly interest incurred for increase in Borrowings.

Depreciation and Amortization Expense

Depreciation and Amortization expense for three months ended on June 30, 2022 stood at ₹ 13.33 lakhs as compared to ₹ 16.20 lakhs for three months ended on June 30, 2021, showing a decrease of 17.72% in the normal course of business operations of the Company.

Other expenses

Other expenses for three months ended on June 30, 2022 stood at ₹ 28.93 lakhs as compared to ₹ 19.10 lakhs for three months ended on June 30, 2021, representing an increase of 51.47%. This increase majorly pertains to professional & legal fees.

Profit/Loss before Tax

The profit/loss before tax for three months ended on June 30, 2022 stood at negative ₹ 17.14 lakhs as compared to negative ₹ 27.88 lakhs for three months ended on June 30, 2021, showing a decrease of 38.52%.

Taxation

Total tax expense for three months ended on June 30, 2022 stood nil lakhs, no change over the three months ended on June 30, 2021. Also, there was no impact of deferred tax adjustment.

Profit/Loss after Tax

Our Company profit /loss after tax for three months ended on June 30, 2022 was negative ₹ 17.14 lakhs as compared to the profit /loss after tax for three months ended on June 30, 2021 which was negative ₹ 27.88 lakhs. This decrease was due to increase in Rental Income.

Cashflows

The following table sets forth certain information relating to our cash flows:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Net (loss) / profit before tax	(502.89)	(114.14)	(197.57)
Net Cash Flow from/ (used in) Operating Activities (A)	267.13	(148.64)	(9.83)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Net Cash Flow (Used in)/ Generated from Investing Activities (B)	(190.13)	26.68	(53.90)
Net Cash Generated/ (used in) from Financing Activities (C)	(77.65)	130.03	65.34
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	**(0.65)**	**8.07**	**1.62**
Cash and cash equivalents at the beginning of the year/period	36.62	28.55	26.93
Cash and cash equivalents at year/ period end	**35.97**	**36.62**	**28.55**

Operating Activities

Financial year 2021-22
Net cash generated from operating activities was ₹267.13 lakhs for the financial year 2021-22. Our operating profit before working capital changes was negative ₹239.08 lakhs for the financial year 2021-22 which was primarily adjusted for increase in trade payables by ₹166.05 lakhs, other current liabilities by ₹93.82 lakhs, other non-current liabilities by ₹49.50 lakhs and insignificant increase from long-term loans & advances by ₹ 0.58 lakhs, which was offset by decrease in trade receivables by ₹153.54 lakhs and short-term loans & advances by ₹47.78 lakhs along with income tax paid of ₹3.90 lakhs.

Financial year 2020-21
Net cash used in operating activities was ₹148.64 lakhs for the financial year 2020-21. Our operating profit before working capital changes was ₹37.68 lakhs for the financial year 2020-21 which was primarily adjusted for increase in trade payables by ₹3.15 lakhs, short-term loans & advances by ₹14.25 lakhs, other non-current liabilities by ₹11.62 lakhs and long-term loans & advances by ₹0.45 lakhs and decrease in trade receivables by ₹6.08 lakhs, other current liabilities by ₹196.91 lakhs along with income tax refund of ₹4.42 lakhs.

Financial year 2019-20
Net cash used in operating activities was ₹9.83 lakhs for the financial year 2019-20. Our operating profit before working capital changes was ₹38.56 lakhs for the financial year 2019-20 which was primarily adjusted for increase in trade receivables by ₹3.84 lakhs, long-term loans & advances by ₹6.48 lakhs and other non-current liabilities by ₹7.99 lakhs and decrease in trade payables by ₹10.28 lakhs, other current liabilities by ₹43.26 lakhs and short-term loans and advances by ₹6.48 lakhs along with income tax refund of ₹0.95 lakhs.

Investing Activities

Financial year 2021-22
Net cash used in investing activities was ₹190.13 lakhs for the financial year 2021-22. This was primarily on account of sale of fixed assets (net) of negative ₹191.73 lakhs which was offset by proceeds received from interest income of ₹1.60 lakhs.

Financial year 2020-21
Net cash generated from investing activities was ₹26.68 lakhs for the financial year 2020-21. This was primarily on account of sale of fixed assets (net) of ₹25.50 lakhs and proceeds received from interest income of ₹1.18 lakhs.

Financial year 2019-20
Net cash used in investing activities was ₹53.90 lakhs for the financial year 2019-20. This was primarily on account of sale of fixed assets (net) of negative ₹55.20 lakhs which was offset by proceeds received from interest income of ₹1.30 lakhs.

Financing Activities

Financial year 2021-22
Net cash used in financing activities for the financial year 2021-22 was ₹77.65 lakhs. This was on account of increase in long-term borrowings of ₹100.66 lakhs. This was offset by repayment of interest on borrowings of ₹178.31 lakhs.

Financial year 2020-21
Net cash generated from financing activities for the financial year 2020-21 was ₹130.03 lakhs. This was on account of increase of long-term borrowings of ₹298.48 lakhs. This was partially offset by repayment of interest on borrowings of ₹168.45 lakhs.

Financial year 2019-20
Net cash used in financing activities for the financial year 2019-20 was ₹ 127.14 lakhs. This was on account of increase of long-term borrowings of ₹ 47.02 lakhs. This was offset by repayment of interest on borrowings of ₹ 174.16 lakhs.

Contingent Liabilities

The statement of contingent liabilities of our Company as restated are as mentioned in the table below:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
The Cotton Corporation of India Limited, Coimbatore	0.00	126.16	126.16
Total	**0.00**	**126.16**	**126.16**

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

Financial Indebtedness

Our extract of restated total outstanding secured and unsecured borrowings is bifurcated into following manner for the period mentioned below:

(₹ in Lakhs)

Category of Borrowing	O/s as on June 30, 2022	O/s as on March 31, 2022	O/s as on March 31, 2021	O/s as on March 31, 2020
Long Term Borrowings				
- Non – Current Liability	1,766.75	1,800.61	1,699.95	1,129.78
- Current Maturities	100.24	98.11	75.54	57.98
Short Term Borrowings	0.00	0.00	0.00	0.00
Grand Total	**1,866.99**	**1,898.72**	**1,775.49**	**1,187.76**

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations

Other than as described in the section titled ***"Risk Factors"*** and chapter titled ***"Management's Discussion and Analysis of Financial Conditions and Results of Operations"*** beginning on pages 21 and 151, respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled ***"Risk Factors"*** on page 21.

Except as disclosed in this Draft Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled ***"Risk Factors"*** and chapter titled ***"Management's Discussion and Analysis of Financial Conditions and Results of Operations"*** beginning on pages 21 and 151, respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Increase in revenues is by and large linked to increase in sale of units of our existing portfolio of products, introduction of new categories under existing brands and addition to new distribution channels.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths like good location, proper maintenance, amenities like Water, Electricity and Road facility is advantage of our building may attract new customers. Due to which, we can stay competitive. For further details, kindly refer the chapter titled ***"Our Business"*** beginning on page 70.

Total Turnover of Each Major Business Segment

There is only one business segment revenue. i.e., rent receipts. For details, please refer to the chapter titled ***"Our Business"*** beginning on page 70.

New* Product *or Business Segment

Except as disclosed in "***Our Business***" on page 70, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

Our Business is not seasonal in nature

Significant dependence on a Single or Few Suppliers or Customers

Our company do not have any significance dependence on a single or few customers.

Related Party Transactions

For details, please refer to the discussion in the chapter titled ***"Financial Information"*** beginning on page 84.

Significant Developments since last balance sheet date

Except as disclosed above and in this Draft Letter of Offer, including under ***"Our Business"*** and ***"Risk Factors"*** on pages 70 and 21 respectively, to our knowledge no circumstances have arisen since March 31, 2022, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of all the borrowings of our Company together with a brief description of certain significant terms of such financing arrangements. As on June 30, 2022, our total outstanding secured borrowing was ₹ 1,181.24 lakhs and total outstanding unsecured borrowing was ₹ 685.75 lakhs.

Further, pursuant to a board resolution passed by our Company held on January 27, 2015, the Board of Directors or any, committee thereof for the purposes of its business, apart from temporary loans obtained and or to be obtained from the Company's bankers in the ordinary course of business, a sum or sums of money not exceeding ₹ 10,000.00 lakhs excluding the interest accrued thereon, notwithstanding that such aggregate amount of borrowing outstanding at any one time may exceed paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, from the Company’s bankers or from any person or persons, firms, bodies corporate or Financial Institutions and by way of deposits, debentures, advances or other loans whether unsecured or secured by mortgage, charge, hypothecation or pledge of any or all of the Company's assets and properties existing and future, on such terms and conditions as the Board of Directors may from time to time, deem fit.

Secured Borrowing of our Company

The secured loans outstanding as of June 30, 2022 are ₹ 1,181.24 lakhs. The following table provides the details of the secured loans availed by our Company as on June 30, 2022:

Sr. No	Loan Particulars	Sanction Amount (₹ in lakhs)	Amount Outstanding as on June 30, 2022 (₹ in lakhs)
Term Loan Facilities			
1.	IDBI Bank Limited*	965.00	484.33
2.	HDFC Bank Limited*	250.00	238.52
3.	HDFC Bank Limited**	495.00	458.38
Total Term Loan Facilities (A)		**1710.00**	**1,181.24**

** Loans against Rent receivables*
***Loans against property*

Principal terms of borrowings applicable to our Company:

A) INTEREST:

The interest rate charged by the banks have been provided below:

1) Term Loan (Loan against Rent Receivables)

The Interest rates charged for Loans against Rent Receivables facilities availed by our Company are as Follows:

Sr. No	Name of the Bank	Interest Rate
1.	IDBI Bank Limited	10.50% [Floating linked to Bank Marginal Cost of Funds based on Lending Rate of the Bank (8.65%) +1.85% Spread]
2.	HDFC Bank Limited	7.75% [Floating Interest rate linked to Policy Repo Rate i.e., 4.00% (as Reference Rate) + 3.75% Spread]

2) Term Loan (Loans against Properties)

The Interest rates charged for Loans against Rent Receivables facilities availed by our Company are as Follows:

*Sr. No	Name of the Bank	Interest Rate
1.	HDFC Bank Limited	8.00% [Floating Interest rate linked to Policy Repo Rate i.e 4.00% (as Reference Rate) + 4.00% Spread]

B) TENOR:

Loan against Rent Receivables

Sr. No	Name of the Bank	Tenor
1.	IDBI Bank Limited	180 months
2.	HDFC Bank Limited	108 months

Loan against Property

Sr. No	Name of the Bank	Tenor
1.	HDFC Bank Limited	120 months

C) SECURITY:

Loan against Rent Receivables

Sr. No	Name of the Bank	Security Details
1.	IDBI Bank Limited	Assignment of receivables arising from the Premises, such other security on the Premises as acceptable to the Bank and such other security as may be acceptable by the Bank. Secured by mortgage of Title deeds of a portion of Land located at Jagir Ammapalayam Village, Salem.
2.	HDFC Bank Limited	Assignment of receivables arising from the Premises, such other security on the Premises as acceptable to the Bank and such other security as may be acceptable by the Bank. Secured by mortgage of title deeds of a portion of land located in Udayapatty, Salem.

Loan against Property

Sr. No	Name of the Bank	Security Details
1.	HDFC Bank Limited	Secured by mortgage of land located in Udayapatty, Salem and by personal guarantee

D) PERSONAL GURANTEE: Guaranteed by Mr. R. Jagadeesan – Managing Director and Ms. Malathi Jagadeesan-Director.

E) CORPORATE GURANTEE: Nil

Unsecured Borrowing of the Company

Our Company has availed the following unsecured borrowings:

Sr. No.	Particulars	Amount Outstanding as on June 30, 2022 (₹ in lakhs)
1	From Directors	685.75
	Total	**685.75**

MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and actively being traded on BSE from March 03, 1995.

a) Year is a Financial Year;

b) Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;

c) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and

d) In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average market closing prices recorded on the Stock Exchange during the last three years and the number of Equity Shares traded on these days are stated below:

a) **BSE Limited**

Financial Year	High (₹)	Date of high	No. of shares traded on date of high	Total volume traded on date of high (in ₹)	Low (₹)	Date of low	No. of shares traded on date of low	Total volume of traded on date of low (in ₹)	Average price for the year (₹)
2022	14.24	Dec 06, 2022	601	8,558	7.01	May 26, 2021	1	7	10.05
2021	8.40	Jan 07, 2021	520	4,040	6.60	Nov 17, 2020	100	660	7.31
2020*	Shares of the company not traded on the Stock Exchange (i.e., BSE Ltd) due to suspension of Trading of Shares								

**The Equity Shares of the company was suspended from trading w.e.f. April 22, 2019 due to non-compliance pursuant to SEBI (LODR) Regulations, 2015 and not paid fines levied by the Stock Exchange due to such non- compliances. However, company shares resumes trading w.e.f. July 15, 2020 vide notice no. 20200707-31 dated July 07, 2020 by the BSE Ltd.*

*(**Source:** www.bseindia.com)*

Notes:

High, low and average prices are based on the daily closing prices.

In case of two days with the same high or low price, the date with the high volume has been considered.

Market Prices for the last six calendar months

The total number of days trading during the past six months, from March 2022 to August 2022 was 36 days. The average volume of Equity Shares traded on BSE was 1002 per day.

The high and low prices and volume of Equity Shares traded on the respective date on BSE during the last six months preceding the date of filing of this Draft Letter of Offer are as follows:

a) **BSE Limited**

Month	Date of high	High (₹)*	Volume (No. of shares)	Total volume traded on date of high (in ₹)	Date of low	Low (₹)*	Volume (No. of shares)	Total volume traded on date of low (in ₹)	Average price for the month (₹)**
Mar 2022	Mar 29, 2022	9.36	183	1,712	Mar 31, 2022	8.90	10,683	95,078	9.11
Apr 2022	Apr 25, 2022	9.41	99	931	Apr 11, 2022	7.89	100	789	8.35

Month	Date of high	High (₹)*	Volume (No. of shares)	Total volume traded on date of high (in ₹)	Date of low	Low (₹)*	Volume (No. of shares)	Total volume traded on date of low (in ₹)	Average price for the month (₹)**
May 2022	May 30, 2022	14.88	102	1,517	May 04, 2022	9.88	100	988	12.36
June 2022	June 20, 2022	14.88	57	848	June 20, 2022	14.88	57	848	14.88
July 2022	July 18, 2022	15.61	78	1,189	July 04, 2022	14.88	100	1,488	15.25
August 2022	August 08, 2022	15.60	22,151	3,45,555	August 08, 2022	15.60	22,151	3,45,555	15.60

Note:
Our Company shares had not been traded in the month of September 2022. Hence, we have considered the six months from March 2022 to August 2022 for details mentioned in the above given table.
*(**Source:** www.bseindia.com)*
** High and low prices are based on the high and low of the daily closing prices.*
***Average of the daily closing prices.*

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

The Board of our Company has approved the Issue at their meeting held on May 24, 2022. The high and low prices of our Company's shares as quoted on BSE on May 25, 2022, the day on which the trading happened immediately following the date of the Board meeting is as follows:

Date	Volume (No of equity Shares)	Highest Price (₹)	Low price (₹)
BSE			
May 25, 2022	101	14.88	14.88

Source: *www.bseindia.com*

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Directors or Promoters; (ii) actions by any statutory or regulatory authorities involving our Company, Directors or Promoters; or (iii) claim involving our Company, Directors or Promoters for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (iv) proceeding involving our Company, Directors or Promoters (other than proceedings covered under (i) to (iii) above) which has been determined to be "material" pursuant to the materiality policy approved by our Board in its meeting held on May 24, 2022 ("**Materiality Policy**") (as disclosed herein below).*

In terms of the Materiality Policy, other than outstanding criminal proceedings, actions taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above, all other pending litigation:

A. involving our Company, Promoters and Directors:

i. where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of 1% of the turnover of our Company in the most recently completed Fiscal as per the Restated Financial Information which amounts to ₹ 2.21 lakhs. Accordingly, we have disclosed all such outstanding litigation proceedings where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of ₹ 2.21 lakhs (being 1% of the turnover of our Company for the Fiscal 2022 as per the Restated Financial Information); and

ii. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless may have a material adverse effect on the position, business, operations, prospects or reputation of our Company have been considered "material";

B. involving our Directors and our Promoters (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.

Further, except as disclosed in this section, there are no disciplinary action taken against any of our Promoters by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Draft Letter of Offer.

*Further, in accordance with the Materiality Policy, a creditor of our Company, shall be considered to be material creditor (except banks and financial institutions from whom the Company has availed financing facilities) for the purpose of disclosure in the offer documents, if amounts due to such creditor exceeds 1% of the total trade payables of our Company as per the most recently completed Fiscal as per the Restated Standalone Financial Information. Accordingly, we have disclosed consolidated information of outstanding dues owed to any creditors of our Company, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 2.21 lakhs (being approximately 1%. of total trade payables of our Company as per the Restated Financial Information) ("**Material Dues**"). Further, in accordance with the Materiality Policy for the disclosure of the outstanding dues to any party which is a micro, small or a medium enterprise ("**MSME**") will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

Unless stated to the contrary, the information provided in this section is as of the date of this Draft Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

1. LITIGATION INVOLVING OUR COMPANY

i. Litigation against our Company

1. Criminal Proceedings

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Below are the details of pending tax cases involving our Company, specifying the number of cases pending and the total amount involved:

(₹ in lakhs)

Particulars	Number of cases	Amount involved*
	Indirect Tax	
Sales Tax/VAT	Nil	Nil
Central Excise and Customs	Nil	Nil
Service Tax	Nil	Nil
Total	Nil	Nil
	Direct Tax	
Cases filed against our Company	Nil	Nil
Cases filed by our Company	Nil	Nil
Total	**Nil**	**Nil**

**To the extent quantifiable*

4. *Other Material Litigations*

Nil

5. *Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals*

Nil

ii. Litigation by our Company

1. *Criminal Proceedings*

Nil

2. *Civil and other Material Litigations*

Nil

2. LITIGATION INVOLVING OUR PROMOTER

Cases filed against our Promoter

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Nil

4. *Other Material Litigations*

Our Company had entered into a contractual arrangement with Cotton Corporation of India Limited ("**CCIL**") to purchase 1300 bales out of which only 850 bales were not lifted by us, leading to breach of the contractual arrangement entered into the parties. CCIL had filed an arbitration petition against our Promoter, in which the Sole Arbitrator passed an award dated August 19, 2013 (the "**Award**") directing our Promoter to pay CCIL a sum of ₹ 67.03 lakhs with interest at 13.5% per annum. Thereafter CCIL initiated execution proceedings against our Promoter before the Hon'ble Principal District Judge, Salem for realization of the amount to the tune of ₹ 100.72 lakhs along with cost of ₹ 0.32 lakhs and the Hon'ble Principal District Judge, Salem *vide* an order dated March 13, 2018 ordered an attachment of certain properties of our Company for realization of the dues payable to CCIL. Subsequently, our Promoter aggrieved by the order dated March 13, 2018 passed by the Hon'ble Principal District Judge, Salem filed a civil revision petition and a civil miscellaneous petition before the Hon'ble High Court of Madras. The Hon'ble High Court passed an interim order dated August 27, 2020 directing our Promoter to (i) pay the principal amount of ₹ 143.16 lakhs by availing a loan from IDBI Bank and ordered attachment certain properties of our Company for the same; and (ii) pay a sum of ₹ 25 lakhs on or before September 8, 2020 and the balance within 90 days. Pursuant to the said order, our Promoter paid an amount of ₹ 35 lakhs to CCIL however failed to pay an amount of ₹ 108.16 lakhs. CCIL filed a contempt petition before the Hon'ble High Court of Madras. The Hon'ble High Court of Madras *vide* its order dated September 23, 2021 recalled its interim order and closed the contempt petition in view of the pandemic. Our Promoter has made an additional payment of ₹ 32.03 lakhs and is yet to make payment of ₹ 76.13 lakhs to CCIL.

5. *Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals*

Nil

Cases filed by our Promoter

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

3. LITIGATION INVOLVING OUR DIRECTORS

Cases filed against our Directors

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Nil

4. *Other Material Litigations*

Please refer to "*Litigation involving our Promoter - Other Material Litigations*" on page 166.

5. *Disciplinary action against our Directors by SEBI or any stock exchange in the last five Fiscals*

Nil

Cases filed by our Directors

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

4. LITIGATION INVOLVING OUR SUBSIDIARIES

As on date of this Draft Letter of offer, our Company does not have any subsidiaries.

5. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated May 24, 2022, our Company has 4 (Four) material creditors for an amount of ₹ 139.93 lakhs, as on June 30, 2022.

As on June 30, 2022, the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

(₹ in lakhs)

Particulars	No. of Creditors	Amount
Outstanding dues to small scale undertakings	2	10.76
Outstanding dues to other creditors	17	139.13
Total outstanding dues	**19**	**149.89**

For further details, refer to the section titled ***"Restated Financial Statements"*** on page 84 of this Draft Letter of Offer.

6. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

7. MATERIAL DEVELOPMENT SINCE MARCH 31, 2022.

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled **"*Management's Discussion and Analysis of Financial Position and Results of Operations*"** on page 151 of this Draft Letter of Offer.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled **"*Objects of the Issue*"** at page 51 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors in its meeting dated May 24, 2022 have authorised this Issue under Section 62(1)(a) of the Companies Act, 2013.

Our Board of Directors has, at its meeting held on as, determined the Issue Price as ₹ [●] per Rights Equity Share, and the Rights Entitlement as [●] ([●] Rights Equity Share for every [●] Equity Shares) held on the Record Date.

Our Company has received in-principle approval from BSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares to be Allotted in this Issue pursuant to its letter dated [●]. Our Company will also make application to BSE to obtain its trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoters and our Directors are not promoter or director of any other company which is debarred 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. None of our Directors or Promoters are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoters, and Directors have been categorized or identified as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

Disclaimer Clause of SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to ₹ 576.28 lakhs. 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.

Disclaimer from our Company and our Directors

Our Company and our Directors accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.thambbimodern.com or the respective websites of our Promoter Group or an affiliate of our Company would be doing so at his or her own risk.

All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

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 in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Tamil Nadu, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with the Stock Exchange.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE.

Listing

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights

Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this the Draft Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI and the Stock Exchange.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY 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 SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER 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 a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHERJURISDICTION AT ANY TIME.

Consents

Consents in writing of: our Directors, Company Secretary, Chief Financial Officer and Compliance Officer, legal advisor, the Registrar to the Issue and the Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Our Company has received written consent dated October 15, 2022 from our Statutory Auditor for inclusion of their examination report dated October 11, 2022 on our Restated Financial Information for the financial years ended March 31, 2020, March 31, 2021 and March 31, 2022 and the three months period ended June 30, 2022; and to include their name in this Draft Letter of Offer and as an ‘expert’ as defined under Section 2(38) of the Companies Act, 2013 in relation to the Statement of Special Tax Benefits dated October 11, 2022 in the form and context in which it appears in this Draft Letter of Offer. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Our Company has received written consent dated October 15, 2022 from our Statutory Auditor, to include their name as required in this Draft Letter of Offer and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in relation to its (i) examination report dated October 11, 2022 on our Restated Financial Statements for the financial years ended March 31, 2020, March 31, 2021 and March 31, 2022 and three months period ended June 30, 2022; and (ii) statement of special tax benefits dated October 11, 2022 in this Draft Letter of Offer and such consent has not been withdrawn as of the date of this Draft Letter of Offer. The term 'expert' and consent thereof, does not represent an expert or consent within the meaning under the U.S. Securities Act.

Except for the above-mentioned documents, provided by the Statutory Auditor, our Company has not obtained any expert opinions.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

As on date of this Draft Letter of Offer, our Company does not have any Subsidiaries or Associates.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on BSE. For details in connection with the stock market data of the Stock Exchange, please refer to the chapter titled **"*Market Price Information*"** on page 163 of this Draft Letter of Offer.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3(b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer will be filed with BSE Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with 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 tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Link In time 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 Chief Financial Officer and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Chief Financial Officer and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, 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. For details on the ASBA process, see **"*Terms of the Issue*"** beginning at page 176 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Cameo Corporate Services Limited
Subramanian Building, No. 01,
Club House Road, Chennai- 600 002,
Tamil Nadu, India.
Telephone: +91-44 4002 0700
Facsimile: N.A.
E-mail: priya@cameoindia.com
Website: www.cameoindia.com
Investor Grievance e-mail: investor@cameoindia.com
Contact Person: K. Sreepriya
SEBI Registration No.: INR000003753

Investors may contact the Company Secretary or our Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Rajasekaran Ponnappan, is the Chief Financial Officer and Compliance officer of our Company. His contact details are set forth hereunder.

Omalur Road, Jagir Ammapalayam,
Salem – 636 302, Tamil Nadu, India
Telephone: +91 94433 30122, 73737 20122
E-mail: p.rajatms@gmail.com

Mohan Uma Maheshwari, Company Secretary of our Company. Her contact details are set forth hereunder.

Omalur Road, Jagir Ammapalayam,
Salem – 636 302, Tamil Nadu, India
Telephone: +91-0427-2345425
E-mail: umamaheshwari.acs@gmail.com

SECTION VII – ISSUE 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 Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the CAF or EAF, before submitting the CAF or EAF, as the case may be. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure thatthe Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA.

Further, SEBI has pursuant to the SEBI Rights Issue Circular stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see ***'Making Application by Eligible Equity Shareholders holding Equity Shares in physical form'*** *beginning on page 182.*

Investors are requested to note that application in this Issue can only be made through ASBA, in case of Eligible Equity Shareholders.

The Rights Entitlement on the Securities, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Securities to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Securities pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, including the Application Form and the Rights Entitlement Letter, the MOA and AOA of our Company, the provisions of the Companies Act as amended time to time, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

OVERVIEW

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time totime, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreementsentered into by our Company with Stock Exchange and the terms and conditions as stipulated in the Allotment Advice.

IMPORTANT

DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and otherIssue material 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 Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched,on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses and have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

Investors can access the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

i. Our Company at www.thambbimodern.com

ii. the Registrar to the Issue, i.e., https://rights.cameoindia.com/thambbimodern; and

iii. the Stock Exchange, *i.e*., BSE at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar https://rights.cameoindia.com/thambbimodern by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and such other credentials for validation of the identity of the shareholder, as may be required.The link for the same shall also be available on the website of our Company (i.e., www.thambbimodern.com).

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation and pursuant to the SEBI Rights Issue Circular, our Company and the Registrar to the Issue will not be liable for non-dispatch of physical copies of Issue materials, including the Draft Letter of Offer, 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.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with the Stock Exchange. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly,and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permittedunder the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Applicationand should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the ApplicationForm is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the ApplicationForm. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue, will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circularsand the ASBA Circulars, all Shareholders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Shareholders should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in theirrespective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see *"**Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**"* on page 187.

Please note that one single Application Form shall be used by Shareholders 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 andapplying in this Issue, as applicable. In case of Shareholders who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Shareholders will have toapply for the Equity Shares from the same demat account in which they are holding the RightsEntitlements and in case of multiple demat accounts, the Shareholders are required to submit a separate Application Form for each demat account.

Shareholders may apply for the Equity Shares 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 Moneypayable on the Application in their respective ASBA Accounts.

Shareholders are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account detailsand 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). 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 *"**Grounds for Technical Rejection**"* on page 182. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details requiredfor making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see *"**Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**"* on page 180.

OPTIONS AVAILABLE TO THE ELIGIBLE EQUITY SHAREHOLDERS

The Rights Entitlement Letter will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:
(i) apply for its Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Equity Shares to the extent of part of its Rights Entitlements (withoutrenouncing the other part); or

(iii) apply for Equity Shares to the extent of part of its Rights Entitlements and renouncethe other part of its Rights Entitlements; or

(iv) apply for its Equity Shares to the full extent of its Rights Entitlements and apply foradditional Equity Shares; or

(v) renounce its Rights Entitlements in full.

MAKING OF AN APPLICATION THROUGH THE ASBA PROCESS

Shareholders, 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. Shareholders desiring to make an Application in this Issue through ASBA process, may submitthe Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) forauthorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Shareholders should ensure that they have correctly submitted the Application Form and have 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 thecase may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of theSCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013dated 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 namewith 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.

Our Company, its directors, its employees, affiliates, associates and theirrespective directors and officers and the Registrar shall not take any responsibility for acts,mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

DO’S FOR SHAREHOLDERS APPLYING THROUGH ASBA:

(a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branch of the SCSBsand details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting theApplication 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 Form 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 suchlocation.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSBfor 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. Incase 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 sequencein which they appear in the Application Form and the Rights Entitlement Letter.

DON'T FOR SHAREHOLDERS APPLYING THROUGH ASBA:

(a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

(b) Do not send your physical Application to the Registrar, the EscrowCollection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), 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.

(c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(d) Do not submit Application Form using third party ASBA account.

MAKING OF AN APPLICATION BY ELIGIBLE EQUITY SHAREHOLDERS ON PLAIN PAPER UNDER ASBA PROCESS

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form thatis available on the website of the Registrar, Stock Exchange. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of theSCSB for authorising such SCSB to block Application Money in the said bank accountmaintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including jointholders, in the same order and as per specimen recorded with his/her bank, must reach theoffice of the Designated Branch of the SCSB before the Issue Closing Date and should containthe following particulars:

a) Name of our Company, being **Thambbi Modern Spinning Mills Limited**;

b) 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);

c) Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

d) Except for Applications on behalf of the Central or State Government, the residentsof 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 Equity Shares applied for pursuant to this Issue

e) Number of Equity Shares held as on Record Date;

f) Allotment option – only dematerialised form;

g) Number of Equity Shares entitled to;

h) Number of Equity Shares applied for within the Rights Entitlements;

i) Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

j) Total number of Equity Shares applied for;

k) Total amount paid at the rate of Rs. [●] per Equity Share;

l) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

m) 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;

n) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

o) 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

p) All such Eligible Equity Shareholders are deemed to have accepted the following:

"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 whichsuch offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Shareholders in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshoretransaction in compliance with Regulation S, or otherwise pursuant to an exemptionfrom, 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 acquiringsuch Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S.,(ii) am/ are not a "U.S. Person" as defined in ("Regulation S"), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, 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, as applicable, including cases where a Shareholders submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company and the Registrar not having any liability to the Shareholders. The plain paper Application format will be available on the website of the Registrar at https://rights.cameoindia.com/thambbimodern.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Shareholders' ASBA Accounts on or before the Issue Closing Date.

MAKING OF AN 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 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 EquityShares in this Issue are advised to furnish the details of their demat account to the Registraror our Company at least two Working Days prior to the Issue Closing Date, to enable the creditof 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 Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details arenot available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date andwho 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; Alternatively they can upload the above mentioned documents in the investor portal of the Registrar to the issue at https://rights.cameoindia.com/thambbimodern

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:

   i. Our Company at www.thambbimodern.com;

   ii. The Stock Exchange at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., https://rights.cameoindia.com/thambbimodern) 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 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.

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.

GROUNDS FOR TECHNICAL REJECTION

Applications made in this Issue are liable to be rejected on the following grounds:

1) DP-ID and Client-ID mentioned in Application not matching with the DP-ID and Client ID records available with the Registrar;

2) Sending an Application to the 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;

3) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money;

4) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders;

5) Account holder not signing the Application or declaration mentioned therein;

6) Submission of more than one Application Forms for Rights Entitlements available in a particular demat account;

7) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application;

8) 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);

9) 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;

10) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB;

11) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer;

12) Physical Application Forms not duly signed by the sole or joint Investors;

13) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts;

14) 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;

15) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) outside India and the United States and is a foreign corporate or institutional shareholder eligible to subscribe for the Rights Equity Share under the applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form;

16) Applications which have evidence of being executed or made in contravention of applicable securities laws;

17) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar;

18) Applications by a non-resident without the approval from RBI with respect to Rule 7 of the FEMA Rules;

DEPOSITORY ACCOUNT AND BANK DETAILS FOR INVESTORS HOLDING 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 TO RECEIVE THEIR RIGHTS EQUITY SHARES 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 authorized 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 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 Shareholders 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. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be madein respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see *"**Procedure for Applications by Mutual Funds**"* beginning on page 186.

In cases where Multiple Application Forms are submitted, including cases where (a) an Shareholders submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in ***"Capital Structure - Intention and extent of participation by our Promoter"*** beginning on page 49.

PROCEDURE FOR APPLICATIONS BY CERTAIN CATEGORIES OF INVESTORS

Applications By FPI's

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 Shareholders group (which means multiple entities registered as foreign portfolio Shareholders 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 Shareholders 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 ofany series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or Shareholders group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the Shareholders will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject tocompliance 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 otherwisedeal 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 recognised 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 ofoffshore derivative instruments issued by or on its behalf, is carried out subject to inter aliathe following conditions:

1. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

2. 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 – approvedby the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIF's, FVIC's, VCF's and FDI Route

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 permittedto invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as CategoryI 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. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the Shareholdersholding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the Shareholders to ensure that the necessary approval or the pre-existing approval fromthe government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRI's

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted fromNRIs 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 exchangein 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 sharewarrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amendedto state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizenof any such country ("Restricted Shareholders"), 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 Shareholders will also require prior approval of the Government of India and each Shareholders should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Shareholders 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. Theapplications 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 RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificates from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

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, on or before the Issue Closing Dateor 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 Boardor any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered,as set out in "Basis of Allotment" mentioned below.

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.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Shareholders 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

Shareholders who have applied in this Issue may withdraw their Application at any time duringIssue Period by approaching the SCSB where application is submitted. However, no Shareholders applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application,in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Whereveran Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received/ASBA Accounts of the Shareholders 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.

CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

RIGHTS ENTITLEMENTS

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Sharesheld in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., https://rights.cameoindia.com/thambbimodern) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.thambbimodern.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholdersin 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. It is clarified that the Rights Entitlements shall not be available for transfer or trading post the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock 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.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an

Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., https://rights.cameoindia.com/thambbimodern). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding theEquity 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 the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or inactive or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renounces

All rights and obligations of the Eligible Equity Shareholders in relation to Applications andrefunds pertaining to this Issue shall apply to the Renounce(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the RightsEntitlements 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 favor of an Eligible Equity Shareholdersbeing 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 eitherby sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer.

In accordance with SEBI Rights Issue Circular, 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 2 (Two) Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

PROCEDURE FOR RENUNCIATION OF RIGHTS ENTITLEMENTS

The Eligible Equity Shareholders 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 (the "On Market Renunciation"); or (b) through an off- market transfer (the "Off Market Renunciation"), during the Renunciation Period. The Shareholders 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.

Shareholders may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Shareholders who intend to trade in the RightsEntitlements 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.

Please note that the Rights Entitlements which are neither renounced nor subscribed by theShareholders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurredsolely by the Shareholders.

- **ON MARKET RENUNCIATION**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of theStock Exchange through a registered stock-broker in the same manner as the existing EquityShares 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 [●] on BSE (**Scrip Code:** 514484) subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for tradingof Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Shareholders 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 indicatingthe details of the Rights Entitlements they intend to trade.

The Shareholders can place order for sale of Rights Entitlements only to the extent of RightsEntitlements 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 stock-broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

- **OFF MARKET RENUNCIATION**

The Eligible Equity Shareholders 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 to enable Renouncees to subscribe to the Equity Shares in the Issue.

The Shareholders 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 Shareholders can transfer Rights Entitlements only to the extentof Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours ofthe depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be asspecified by the NSDL and CDSL from time to time.

MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Shareholders agrees to block the entireamount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Shareholders' ASBA Account. 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 Shareholders 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 in the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the 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, of the receipt of minimum subscriptionand pursuant to the finalization of the Basis of Allotment as approved by the Designated StockExchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) 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 finalization 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.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode Of Payment For Resident Shareholders

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode Of Payment For Non-Resident Shareholders

As regards the Application by non-resident Shareholders, payment must be made only throughASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subjectto tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our

Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Equity Shares are allotted on a non-repatriation basis,the dividend and sale proceeds of the 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 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 Equity Shares shall, amongst other things, be subjectto conditions, as may be imposed from time to time by RBI under FEMA, in respect ofmatters 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 Equity Shares.

BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Equity Shares are being offered for subscription to the Eligible Equity Shareholders whosenames appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see ***"The Issue"*** beginning on page 42.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] ([●]) Rights Equity Share(s) for every [●] ([●]) Equity Share(s) held on the Record Date.

As per SEBI Rights Issue Circular, 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 Security 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 hold [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share(s) and will also be given a preferential consideration for the Allotment of one 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 Shares, 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 of Equity Shares

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI (ICDR) Regulations, the SEBI (LODR) 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.

The Rights Equity Shares being issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Rights Equity Shares shall rank pari-passu, in all respects including dividend, with our existing Equity Shares.

Trading Of the Rights Entitlements

In accordance with the SEBI Rights Issue Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchange (namely BSE Ltd) 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 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 onT+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 thatthe Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. Fordetails, see **"*Procedure for Renunciation of Rights Entitlements – On Market Renunciation*" and "*Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*"** beginning on page 189 and 189 respectively of this Draft Letter of Offer.

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.

SUBSCRIPTION TO THIS ISSUE BY OUR PROMOTER AND MEMBERS OF THE PROMOTER GROUP

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see **"*Intention and extent of participation by the Promoter and Promoter Group*"** under the section titled ***"Capital Structure"*** beginning on page 49 of this Draft Letter of Offer.

RIGHTS OF HOLDERS OF EQUITY SHARES OF OUR COMPANY

Subject to applicable laws, Shareholders who have been Allotted Equity Shares pursuant to the Issue shall have the following rights:

a. The right to receive dividend, if declared;

b. The right to receive surplus on liquidation;

c. The right to receive offers for rights shares and be allotted bonus shares, ifannounced;

d. The right to free transferability of 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 as disclosed in the Letter of Offer; 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.

GENERAL TERMS OF THE ISSUE

Market Lot

The Equity Shares of our Company shall be tradable only in dematerialized form. The marketlot for Equity Shares in dematerialised mode is One (1) Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall bedeemed to hold the same as the joint holders with the benefit of survivorship subject to theprovisions 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 therecords of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the 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 Equity Shares to be allotted in this Issue. Nominations registered with therespective DPs of the Shareholders would prevail. Any Shareholders holding Equity Shares indematerialised form and desirous of changing the existing nomination is requested to informits Depository Participant.

Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketablelot shall be One (1) 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 Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected, unless the securities are held in the dematerialized form with a depository.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI Relaxation Circulars, the AbridgedLetter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and otherIssue material 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 Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue Material will be dispatched,on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Draft Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sentonly to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Mumbai where our Registered Office is situated). The Draft 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 website.

Offer To Non-Resident Eligible Equity Shareholders/Shareholders

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by 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 Equity Shares shall be, amongst other things, subject to the conditions imposed from timeto time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Shareholders has specific approval fromRBI or any other governmental authority, 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 Cameo Corporate Services Ltd, No 1 Subramanian Building, Chennai – 600002. It will be the sole responsibility of the Shareholders to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access the Letter Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchange. Further, Application Forms will be made available at Registered and Corporate Office of our Companyfor the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The 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 Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of Shareholders and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Shareholders being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDICircular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self- attested proof of address, passport, etc. at email id: priya@cameoindia.com.

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUREQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE. FOR DETAILS, SEE*"ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS"* ON PAGE 196.

ISSUE SCHEDULE

Event	Indicative Date
Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last date for On-Market Renunciation of Rights Entitlements#	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

 # Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
** Our Board or a duly authorized committee thereof will have the right to extend the IssuePeriod as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enablethe 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.

BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, theRights Entitlement Letter, the Application Form, the Articles of Association and the approvalof the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

a) Full Allotment to those Eligible Equity Shareholders who have applied for their RightsEntitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

b) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by themon the Record Date, provided there are any unsubscribed Equity Shares after makingfull Allotment in (a) above. The Allotment of such 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.

c) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (aand (b) above. The Allotment ofsuch 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.

d) Allotment to any other person, subject to applicable laws, that our Board may deemfit, provided there is surplus available after making Allotment under (a), (b), (c) 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 shallsend to the Controlling Branches, a list of the Shareholders who have been allocated Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank accountopened 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 aforesaidbank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

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 e-mail Allotment advice, refund intimations or demat credit of Rights Equity Shares and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialized mode) or in a demat suspense account or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 (Fifteen) days from the Issue Closing Date. In case of failure to do so, our Company and the Directors who are "officers in default" shall pay interest at 15% (Fifteen Percent) p.a. and such other rate as specified under applicable law from the expiry of such 15 (Fifteen) days' period.

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 ASBA 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 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.

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.

1. Unblocking amounts blocked using ASBA facility.

2. National Automated Clearing House (hereinafter referred to as '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.

3. National Electronic Fund Transfer (hereinafter referred to as 'NEFT') – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (hereinafter referred to as '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.

4. 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.

5. 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.

6. 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.

7. Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund Payment to Non-Residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants,details of which were provided in the Application Form.

ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of Shares 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 Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE 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 SHAREHOLDERS ON THE RECORD DATE, OR

(B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEENPROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TOTHE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

(C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

INVESTORS SHALL BE ALLOTTED THE RIGHTS EQUITY SHARES IN DEMATERIALIZED (ELECTRONIC) FORM.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE BSE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of 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 manneras 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 sameorder as registered in the records of our Company). In case of Shareholders having various folios in our Company with different joint holders, the Shareholders will haveto open separate accounts for such holdings. Those Shareholders 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 Shareholdersand 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 Shareholders depository participant, would rest with the Shareholders. Shareholders' should ensure that the names of the Shareholders and the order in which they appear in Application Form should be the same as registered with the Shareholders' depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Shareholders will not get any Equity Shares and the Application Form willbe rejected.

5. The 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 accountdetails 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 e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participantwill provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Shareholders by the Registrar, by e-mail 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 Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

IMPERSONATION

As a matter of abundant caution, attention of the Shareholders 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 companyfor 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 ₹ 10 lakhs 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 up to three times of such amount.

In case the fraud involves (i) an amount which is less than ₹10 lakhs 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.

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) above shall be disclosed,and continue to be disclosed till the time any part of the Issue Proceeds remains unutilized,under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall bedisclosed under an appropriate separate head in the balance sheet of our Company indicatingthe 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 by our Board within seven Working Days of finalization of Basis of Allotment.

3. The funds required for making refunds / unblocking 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 shallbe sent to the Shareholders within 15 days of the Issue Closing Date, giving details of the bankswhere refunds shall be credited along with amount and expected date of electronic credit ofrefund.

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 shallbe sent to the Applicants.

6. Adequate arrangements shall be made to collect all ASBA Applications.

7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

SHAREHOLDERS GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1) Please read the Draft Letter of Offer and Letter of Offer carefully before taking any action. The instructions containedin the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2) All enquiries in connection with the Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date 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 ***"Thambbi Modern Spinning Mills Limited – Rights Issue"*** on the envelope and postmarked in India or in the e- mail) to the Registrar at the following address:

Cameo Corporate Services Limited
Address: Subramanian Building, No. 01, Club House Road, Chennai-600 002, Tamil Nadu, India.
Tel: +91 - 44 4002 0700/ 0710/ 2846 0390
Email: priya@cameoindia.com
Investors Grievance E-mail: investor@cameoindia.com
Website: www.cameoindia.com
Contact Person: K. Sreepriya
SEBI Registration Number: INR000003753

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders will be available on the website of the Registrar https://rights.cameoindia.com/thambbimodern. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 044 – 40020700/0710/28460390.

3) The Shareholders can visit following links for the below-mentioned purposes:

a) Frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders: https://rights.cameoindia.com/thambbimodern.

b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: https://rights.cameoindia.com/thambbimodern.

c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form:https://rights.cameoindia.com/thambbimodern].

d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders at email id at investor@cameoindia.com.

This Issue will remain open for a minimum 7 (Seven) days. However, our Board 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 Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly knows as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 ("**FDI Circular 2017**"), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

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 non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

The above information is given for the benefit of the Applicants / 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 Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue shall 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 as on the Record Date, 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.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts 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 the documents for inspection referred to hereunder, would be available on the website of the Company at www.thambbimodern.com from the date of this Draft Letter of Offer until the Issue Closing Date.

1. MATERIAL CONTRACTS FOR THE ISSUE

- Registrar Agreement dated April 13, 2022 entered into amongst our Company and the Registrar to the Issue.
- Escrow Agreement dated [●] amongst our Company, the Registrar to the Issue and the Banker to the Issue.

2. MATERIAL DOCUMENTS

- Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- Annual Reports of the Company for the past three years.
- Certificate of incorporation dated March 07, 1977.
- Fresh certificate of incorporation dated May 06, 1994 issued by Registrar of Companies, Tamil Nadu at Coimbatore pursuant to change of name of our Company to '*Thambbi Modern Spinning Mills Limited'*.
- Prospectus dated November 16, 1994 filed with SEBI, Stock Exchange, RoC and other regulatory authorities during the initial public offering of our Company.
- Resolution of the Board of Directors dated May 24, 2022 in relation to the Issue authorisation.
- Resolution of the Board of Directors dated October 15, 2022 approving and adopting this Draft Letter of Offer.
- Resolution of the Board of Directors dated [●] approving and adopting the Letter of Offer.
- Resolution of our Board dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
- Consents of our Promoter, Directors, Company Secretary, Chief Financial Officer and Compliance Officer, Statutory Auditor, Peer Review Auditor, Banker to the Issue, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Draft Letter of Offer.
- The examination reports dated October 11, 2022 on our Company's Restated Financial Statements for the Fiscals 2022, 2021 and 2020 and three months period ended June 30, 2022.
- Statement of Special Tax Benefits dated October 11, 2022 available to our Company and its shareholders under the applicable laws in India issued by our Statutory Auditor.
- Tripartite Agreement dated August 20, 2001 between our Company, NSDL and the Registrar to the Issue.
- Tripartite Agreement dated June 19, 2001 between our Company, CSDL and the Registrar to the Issue.
- In principle listing approval dated [●] issued by 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 , shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Ramasamy Jagadeesan Udayar
(Chairman and Managing Director)

Sd/-

Malathi Jagadeesan
(Non-Executive Director)

Sd/-

Ashok Pukhraj Shah
(Independent Director)

Sd/-

Muthu Pugazhendhi
(Independent Director)

SIGNED BY OUR CHIEF FINANCIAL OFFICER

Sd/-

Rajasekaran Ponnappan

Place: Salem, Tamil Nadu

Date: October 15, 2022