BANNARI AMMAN SPINNING MILLS LIMITED

Bannari Amman Spinning Mills Limited ("**Company**" or "**Issuer**") was originally incorporated as '*Shiva Textiles (CBT) Limited'* on July 10, 1989 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu, Madras and consequently a certificate of incorporation dated July 10, 1989 and a certificate of commencement of business dated September 14, 1989 was issued to our Company. The name of our Company was changed to '*Bannari Amman Spinning Mills Limited*', pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated September 30, 1991 and a fresh certificate of incorporation dated October 11, 1991, consequent to such name change was issued to our Company by the Registrar of Companies, Tamil Nadu, Coimbatore. There has not been any change in the registered office of our Company since incorporation.

Registered Office: 252, Mettupalayam Road, Coimbatore - 641 043, Tamil Nadu, India;
Tel: +91 422 243 5555; **Fax:** N.A.
E-mail: shares@bannarimills.com; **Website:** www.bannarimills.com;
Contact Person: Nachimuthugounder Krishnaraj, Company Secretary and Compliance Officer;
Corporate Identification Number: L17111TZ1989PLC002476

OUR PROMOTERS- SANGAMPALAYAM VEDANAYAGAM ARUMUGAM, MURUGAN ENTERPRISE PRIVATE LIMITED AND SAKTHI MURUGAN TRANSPORTS PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF BANNARI AMMAN SPINNING MILLS LIMITED (THE "COMPANY" OR THE "ISSUER") 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 ₹ 05 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 ₹ 10,000 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 225 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 24 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**") and National Stock Exchange of India Limited ("**NSE**") (together, the "**Stock Exchanges**"). Our Company has received 'in-principle' approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letters dated [●] and [●], respectively. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
SAFFRON energising ideas	LINK Intime
SAFFRON CAPITAL ADVISORS PRIVATE LIMITED 605, Center Point, 6th floor, Andheri Kurla Road, J. B. Nagar, Andheri (East), Mumbai - 400 059, Maharashtra, India. **Telephone:** +91 22 4082 0914/915 **Facsimile:** +91 22 4082 0999 **E-mail:** rights.issue@saffronadvisor.com **Website:** www.saffronadvisor.com **Investor grievance:** investorgrievance@saffronadvisor.com **Contact Person:** Amit Wagle / Gaurav Khandelwal **SEBI Registration Number:** INM 000011211 **Validity of Registration:** Permanent	**Link Intime India Private Limited** C – 101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra, India **Telephone:** +91 22 4918 6200 **Facsimile**: +91 22 4918 6195 **E-mail:** bannari.rights@linkintime.co.in **Website:** www.linkintime.co.in **Contact person:** Sumeet Deshpande **Investor grievance:** bannari.rights@linkintime.co.in **CIN:** U67190MH1999PTC118368 **SEBI Registration No:** INR000004058 **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", "Financial Information", "Statement of Special Tax Benefits", "Outstanding Litigation and Material Developments" and "Issue Related Information" on pages 80, 20, 122, 74, 207 and 225 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 "BASML"	Bannari Amman Spinning Mills Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at 252, Mettupalayam Road, Coimbatore - 641 043, Tamil Nadu, India.
"we", "us", or "our"	Unless the context otherwise indicates or implies, refers to our Company.
"Annual Consolidated Audited Financial Statements	The consolidated audited financial statements of our Company, its Subsidiaries, prepared as per Ind AS for Fiscal 2018, Fiscal 2019 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 108 of this Draft Letter of Offer.
"Auditor" / "Statutory Auditor"/ "Peer Review Auditor"	Statutory and peer review auditor of our Company, namely, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants.
"Board" / "Board of Directors"	Board of directors of our Company or a duly constituted committee thereof.
"Chief Financial Officer / CFO"	Srinivasan Seshadri, the Chief Financial Officer of our Company.
"Company Secretary and Compliance Officer"	Nachimuthugounder Krishnaraj, the Company Secretary and the Compliance Officer of our Company.
"Corporate Promoter(s)"	Murugan Enterprise Private Limited and Sakthi Murugan Transports Private Limited
"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 108 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 ₹ 05 each.
"Erstwhile Promoters"	As per the Prospectus filed by our Company during its initial public offering of Equity Shares, Dr. S. V. Balasubramaniam, S. V. Alagappan, Dr. S. V. Kandasami, S. V. Balakrishnan and Shiva Distilleries Limited were also disclosed as its

Term	Description
	Promoters. However, as of date of this Draft Letter of Offer such individuals and entities do not hold any shareholding in our Company or exercise control over the affairs of our Company either directly or indirectly whether as a shareholder, director or otherwise. In view of the above, these individuals and entities have not been disclosed as our Promoters in this Draft Letter of Offer and therefore have been referred to as the Erstwhile Promoters of our Company.
"Executive Directors"	Executive Directors of our Company.
"Holding Company"	Murugan Enterprise Private Limited is our Holding Company with effect from November 19, 2020.
"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.
"Individual Promoter"	Sangampalayam Vedanayagam Arumugam is the Individual Promoter of our Company.
"Joint Venture" or "JV" or "Joint Venture and Subsidiary" or "Joint Venture Entity" or "Subsidiary" or "Material Subsidiary"	Young Brand Apparel Private Limited is the Joint Venture between our Company, Jacob Industries (USA) LLC, a company incorporated in the United States of America and Intimark Holdings S. de. R.L. de. C. V., a company incorporated in Mexico. Our Company holds a shareholding of 51.33% in Young Brand Apparel Private Limited, therefore it is also a subsidiary of our Company.
"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 Management – Key Managerial Personnel*" on page 117 of this Draft Letter of Offer.
"Limited Reviewed Financial Information" or "Limited Reviewed Financial Statements" or "Limited Reviewed Financial Consolidated Statements" or "Limited Reviewed Consolidated Financial Information"	The limited reviewed unaudited consolidated financial statements for the nine months periods ended December 31, 2019 and December 31, 2020, prepared in accordance with the Companies Act and SEBI Listing Regulations. For details, see "*Financial Information*" on page 122 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 108 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(s)"	Sangampalayam Vedanayagam Arumugam, Murugan Enterprise Private Limited and Sakthi Murugan Transports Private Limited are the Promoters of our Company. For further details, see "*Our Promoters*" on page 118 of this Draft Letter of Offer.
"Registered Office"	The Registered Office of our Company located at 252, Mettupalayam Road, Coimbatore - 641 043, 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.

Term	Description
"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 108 of this Draft Letter of Offer.
"Wholly Owned Subsidiary(ies)"	Abirami Amman Designs Private Limited, Accel Apparels Private Limited, Bannari Amman Retails Private Limited and Bannari Amman Trendz Private Limited are the wholly owned subsidiaries of our Company.
Materiality Policy	A policy adopted by our Company, in the Board meeting held on January 25, 2021 for identification of material creditors and litigation(s) for the purpose of disclosure of the same in this Draft Letter of Offer.
Restated Consolidated Financial Statements/ Restated Financial Statements	Restated consolidated financial statements of our Company for the Fiscals 2018 Fiscal 2019 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 "*Financial Information*" on page 122 of this Draft Letter of Offer.
Restated Standalone Financial Statements	Restated Standalone Financial Statements of our Company for the Fiscals 2018 Fiscal 2019 and 2020, prepared in accordance with the Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations. For details, see "*Financial Statements*" 122.

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	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to 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 (i) 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, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application at R-WAP facility or 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

Term	Description
	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.
Bankers to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager 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 225.
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 LM, 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.
Draft Letter of Offer/DLoF/DLOF	This draft letter of offer dated April 26, 2021 filed with SEBI and the Stock Exchanges.
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 12.
Issue / Rights Issue	Issue of up to [●] Equity Shares of face value of ₹ 05 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 ₹ 10,000 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 Agreement	Issue Agreement dated March 11, 2021 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/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 ₹ 10,000 lakhs
Lead Manager	Saffron Capital Advisors Private Limited

Term	Description
Letter of Offer/LOF	The final letter of offer to be filed with the Stock Exchanges 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 69 of this Draft Letter of Offer.
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.
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 Exchanges, 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.
R-WAP	Registrar's web-based application platform accessible at www.linkintime.co.in, instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, for accessing/submitting online Application Forms by resident Investors.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply 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"	Link Intime India Private Limited.
Registrar Agreement	Agreement dated March 11, 2021 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 Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s)	An individual Investor (including an HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
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.

Term	Description
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and link for the same will be available on the website of our Company.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021.
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 Exchanges	Stock Exchange where the Equity Shares are presently listed, being BSE and NSE.
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	A Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
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
AEs	Advanced Economies
ATUFS	Amended Technology Upgradation Fund Scheme
COVAX	COVID-19 Vaccines Global Access
COVID/ COVID-19	Coronavirus disease (2019)
DGFT	The Directorate General of Foreign Trade
DRDO	Defense Research and Development Organization
ECLGS	Emergency Credit Line Guarantee Scheme
EM	Emerging Markets
EMDEs	Emerging Markets and Developing Economies
EPS	Earnings Per Share
EU	European Union
FDI	Foreign Direct Investment

Term	Description
FPI	Foreign Portfolio Investors
FY	Fiscal Year
GDP	Gross Domestic Product
GSecs	Government Securities
GST	Goods and Services Tax
GVA	Gross Value Added
IMF	International Monetary Fund
IWDP	Integrated Wool Development Programme
MCLR	Marginal Cost of Funds-based Lending Rate
MEIS	Merchandise Exports from India Scheme
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MOU	Memorandum of Understanding
MSMEs	Micro, Small & Medium Enterprises
MT	Metric Tonnes
NPCI	National Payments Corporation of India
PMI	Purchasing Managers' Index
S&P	Standards & Poor
SITP	Scheme for Integrated textiles park
SOPs	Standard Operating Guidelines
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Limited
UPI	Unified Payments Interface
US/USA	The United States of America
US$	United States Dollar or US Dollar
WEO	World Economic Outlook
YoY	Year on Year

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

Term	Description
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
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
NSE	National Stock Exchange of India 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

Term	Description
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
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

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, the Lead Manager, SEBI, the Stock Exchanges, and on R-WAP.

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, the Lead Manager 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 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, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS 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 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 and the Lead Manager are not liable for any amendments or modification 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 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 LEAD MANAGER 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

All references to "India" contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

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

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

Financial Data

Unless stated 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 122. 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, its wholly owned Subsidiaries and its Joint Venture for the Financial Years ended March 2018, 2019 and 2020 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. The Limited Reviewed Consolidated Financial Statements of our Company, its wholly owned Subsidiaries and its Joint Venture for the nine months periods ended December 31, 2019 and December 31, 2020 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 SEBI Listing Regulations. 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 122.

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:

Currency	Exchange rate as on		
	March 31, 2021	March 31, 2020	March 31, 2019*
1 USD	73.53	75.38	69.17
1 Euro	86.10	83.04	77.70

(Source: RBI reference rate)

**Exchange rate as on March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Saturday and Sunday, respectively.*
(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 LM or any of its affiliates or advisors. 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 24, 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:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations in Tamil Nadu;
- Any qualifications or other observations made by our future statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units;
- Our ability to maintain and enhance our brand image;
- Our reliance on third party suppliers for our products;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- 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;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;

- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Subsidiary, 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/works 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 noncompliance 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.

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 24, 92 and 182, 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, our Promoters, the LM, the Syndicate Member(s) nor any of their respective affiliates or advisors 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 and the Lead Manager 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 the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Draft Letter of Offer, including the sections titled "*Risk Factors*", "*The Issue*", *"Capital Structure*", "*Objects of the Issue*", "*Our Business*", "*Industry Overview*", "*Outstanding Litigation and Material Developments*" and "*Terms of the Issue*" on pages 24, 56, 63, 69, 92, 80, 207 and 225 respectively.

1. Summary of Industry

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector on the other end. The close linkage of textiles industry to agriculture and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce wide variety of products suitable for different market segments, within India and across the world.

For further details, please refer to the chapter titled "*Industry Overview*" at page 80 of this Draft Letter of Offer.

2. Summary of Business

Our Company was incorporated in the year 1989 and has emerged as a full vertically integrated textile company engaged in the business of manufacturing of cotton yarn, knitted and woven fabric, processing of fabrics, home textile products, garments and wind power generation. Apart from manufacturing products for direct sale to our customers, to ensure the full utilization of the installed capacity of our manufacturing units, we are also engaged in carrying out various textile processes for third parties on a job work basis.

For further details, please refer to the chapter titled "*Our Business*" at page 92 of this Draft Letter of Offer.

3. Our Promoters

The Promoters of our Company are Sangampalayam Vedanayagam Arumugam, Murugan Enterprise Private Limited and Sakthi Murugan Transports Private Limited.

For further details please see chapter titled "*Our Promoters*" beginning on page 118 of this Draft Letter of Offer.

4. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

(₹ in lakhs)

Particulars	Amount
Part repayment or prepayment of Inter-Corporate Deposits availed by our Company from our Promoter, Murugan Enterprise Private Limited.	3,900
Part repayment/ Pre-payment of certain secured loans availed from lenders	5,900
Total Net proceeds	**9,800**

For further details, please see chapter titled "*Objects of the Issue*" beginning on page 69 of this Draft Letter of Offer.

5. Summary of Financial Information

Following are the details as per the Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2018, 2019 and 2020 and the Limited Reviewed Consolidated Financial Information for the nine months period ended December 31, 2020:

(₹ in lakhs)

S. No.	Particulars	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
1.	Share Capital	1575.43	1,575.43	1,575.43	1,575.43
2.	Net Worth	28,923.86	31,233.64	31,222.34	29,474.47
3.	Revenue from operations	70,989.98	1,13,387.67	1,17,448.94	1,00,785.78

S. No.	Particulars	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
4.	Profit after Tax	(2,309.78)	590.49	2,371.45	981.65
5.	Earnings per Share	(14.66)	3.75	15.05	6.23
6.	Net Asset Value per equity share	183.59	198.26	198.18	187.09
7.	Total borrowings	61314.20	68,863.57	73,854.35	71,600.12

For further details, please refer the section titled "*Financial Information*" on page 122 of this Draft Letter of Offer.

6. Summary of Outstanding Litigation

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

a) Litigations involving our Company

i) 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	01	69.61
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	31	534.97
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

b) Litigations involving our Joint Venture and Subsidiary, Young Brand Apparel Private Limited

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	01	75.08
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

For further details, please refer the chapter titled "*Outstanding Litigation and Material Developments*" on page 207 of this Draft Letter of Offer.

7. Risk Factors

Please see the chapter titled "*Risk Factors*" beginning on page 24 of this Draft Letter of Offer.

8. Summary of Contingent Liabilities

Following are the details as per the Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2018, 2019 and 2020 :

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2018
i) Contingent liabilities:			
a) Income tax demands, pending in appeal	-	-	29.97
b) Central Excise demands, pending in appeal	69.61	112.58	144.03
c) Sales tax demands, pending in appeal	-	-	134.15
d) TANGEDCO demands, pending in appeal	1,166.91	1,046.30	916.81
e) Demand of Service tax on the amounts paid to Foreign Service Providers is under dispute and an appeal has been filed before the Hon'ble Madras High Court, Chennai.	75.08	75.08	75.08
f) Infrastructure and amenities charges levied by Department of Town and Country Planning, for which the Company has jointly made appeal to Hon'ble High Court along with industrial units in the location and the Hon'ble High Court has given a stay order.	79.60	79.60	79.60
ii) Commitments:			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
Tangible assets	-	1,500.00	1,250.00

For further details, please see the section titled "*Financial Information"* at page 122 of this Draft Letter of Offer.

9. Summary of Related Party Transactions

Following are the details as per the Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2018, 2019 and 2020:

(₹ in lakhs)

Details of transactions during the year and balance outstanding as at the balance sheet date:				
Particulars	**Related Party**	**For the year ended**		
		31-03-2020	**31-03-2019**	**31-03-2018**
Transactions during the year:				
Purchase of yarn	Shiva Texyarn Limited	-	125.79	199.27
	Shiva Mills Limited	-	-	205.87
Sale of yarn	Shiva Texyarn Limited	-	0.85	10.77
	Young Brand Apparel Private Limited	-	-	15.54
	Shiva Mills Limited	-	151.36	-
Sale of fabric	Shiva Texyarn Limited	-	343.62	758.72
	Young Brand Apparel Private Limited	-	-	145.85
	Shiva Mills Limited	-	-	2.53
Conversion/Job work charges received	Shiva Texyarn Limited	-	16.87	32.04
	Young Brand Apparel Private Limited	-	-	3.58
Conversion/Job work charges paid	Shiva Texyarn Limited	-	-	0.14
	Shiva Mills Limited	-	-	5.72
Lease rent received	Shiva Texyarn Limited	-	70.00	138.15
Lease rent paid for building and machinery	Shiva Texyarn Limited	-	35.00	69.00
Vehicle maintenance paid	Shiva Automobiles Private Limited	5.75	7.00	4.19
	Jahnvi Motor Private Limited	4.59	1.13	-
Processing charges received	Young Brand Apparel Private Limited	-	-	110.71
Processing charges paid	Shiva Mills Limited	-	3.99	-
Purchase of fuel	Vedanayagam Oil Company	3.68	3.18	2.23

Details of transactions during the year and balance outstanding as at the balance sheet date:				
Particulars	**Related Party**	**For the year ended**		
		31-03-2020	**31-03-2019**	**31-03-2018**
Rent paid	Anamallais Automobiles Private Limited	17.85	6.90	2.11
	Sakthi Murugan Transports Private Limited	3.51	1.06	1.06
	A Umadevi	12.00	4.00	-
Purchase of sundry materials	Shiva Mills Limited	-	-	0.14
Purchase of vehicle	Shiva Automobiles Private Limited	-	-	7.41
Purchase of canvas	Shiva Texyarn Limited	-	-	0.13
Sale of machinery	Shiva Texyarn Limited			0.77
Inter corporate deposits received	Murugan Enterprise Private Ltd	2,200.00	-	-
	Anamallais Motors Private Limited	200.00	-	-
Inter corporate deposits repaid	Anamallais Motors Private Limited	200.00	-	-
Interest paid	Murugan Enterprise Private Ltd	23.88	-	-
	Anamallais Motors Private Limited	1.79	-	-
Remuneration of KMP	S V Arumugam, Managing Director	60.00	77.58	64.67
	N Krishnaraj, Company Secretary	20.21	19.59	14.50
	C S Balakumar, Chief Financial Officer (Demised on 10 June, 2018)	-	2.99	15.40
	S Seshadri, Chief Financial Officer	20.90	15.75	-
Salary to Relative of KMP	A Senthil, Chief Executive Officer	30.00	30.00	30.00

For further details, please see the section titled "*Financial Information"* at page 122 of this Draft Letter of Offer.

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

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash.

11. Split or consolidation of Equity Shares in the last one year

Pursuant to a special resolution passed at the Annual General Meeting of the Shareholders held on December 07, 2020, the face value of the Equity Shares of our Company has been sub-divided from 01 (one) Equity Share of face value of ₹ 10/- each into Equity Shares of ₹ 05/- (five) each fully paid up, resulting in issuance of 02 (two) Equity Shares of ₹ 05/- (five) each. The said sub-division has been approved by BSE *vide* its notice dated February 09, 2021 and by NSE *vide* its circular dated February 02, 2021. The new ISIN allotted to the Equity Shares of our Company post sub-division is INE186H01022.

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 80, 92 and 182 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived 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. Neither our Company, 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 18 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 and the Limited Review 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 Bannari Amman 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, including the textile industry in which our Company operates and from where it derives substantial revenues and profits. The COVID-19 pandemic could continue to have an impact that may worsen for an unknown period of time. In view of the onslaught of another wave of the virus, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe.

   At this point of time, our Company cannot predict by when our Company's operation shall resume to normalcy, or at all. Further if in case due to any second or consequent wave of Coronavirus, if another lockdown is imposed in the country, we may face huge losses and our business operations could be severely impacted. Any such interruptions or disruptions could cause delays in the completion of our orders and commitments made to clients, or cause damage to the goods in transit. Any of these consequences may result in loss of business and/or claims for compensation from our clients, which may have an adverse effect on our results of operations and financial condition.

2. ***We are yet to obtain consents/ no objection certificate from certain lenders of our Company for the Issue.***

   Our Company has entered into agreements for fund based and non-fund-based borrowings with certain lenders. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations which *inter-alia* include change in capital structure (including this present proposed Issue), formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying secured loan and unsecured loans, undertake guarantee obligations, which shall require our Company to obtain prior approval. In accordance with the terms of the loan agreements, our Company had applied to nine (09) lenders for obtaining their consents/ non-objection certificates for undertaking this Issue, however, as of date of this Draft Letter of Offer, our Company has received no-objection certificates from five (05) lenders and is yet to receive no-objection certificates from Indian Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank. We have *vide* letters and emails dated January 04, 2021, February 22, 2021, March 01, 2021, April 02, 2021 and April 19, 2021 requested the aforementioned lenders to provide us with their consent/no objection certificate to undertake the Issue, however, as of date of this Draft Letter of Offer, we have not received any response from these lenders. Our Company proposes to utilize an aggregate amount of ₹ 9,800 lakhs from the Gross Proceeds of the Issue towards full or partial re-payment or prepayment of working capital loans availed by our Company from our secured lenders to the extent of Rs. 5,900 lakhs and inter corporate deposits to the extent of ₹ 3,900 lakhs availed from Murugan Enterprise Private Limited, one of our Corporate Promoter. Undertaking the Issue without obtaining consents/no objection certificates from the aforementioned lenders may constitute a breach of covenant under the relevant financing documents, which could entitle the respective lenders to consider this Issue as an event of default under the loan agreements, thereby entitling them to take adverse actions against our Company as per their respective agreements. The occurrence of any of the events mentioned above can adversely affect our business, results of operations and financial condition.

   For details of these restrictive covenants, please refer to chapter titled — "*Financial Indebtedness*" on page 194 of this Draft Letter of Offer.

3. ***If we are unable to anticipate and respond to changes in fashion trends and changing customer preferences in a timely and effective manner, the demand for our products may decline, which may have an adverse effect on our business, results of operations and prospects***.

   Our Company is engaged in the business of manufacturing, weaving and processing of cotton yarn, knit fabrics and garments. Our results of operations are dependent on our ability to anticipate, gauge and respond to changes in customer preferences and design of new products or modifying our existing products in line with changes in fashion trends as well as customer demands and preferences. If we are unable to anticipate,

gauge and respond to changing customer preferences or fashion trends, or if we are unable to adapt to such changes by modifying our existing products or launch new products on a timely basis, we may lose, or fail to attract customers, our inventory may become obsolete and we may be subject to pricing pressure to sell our inventory at a discount. A decline in demand for our products or a misjudgment on our part could lead to lower sales, excess inventories and higher markdowns, each of which may have an adverse effect on our results of operations and financial condition.

Further, our process for designing our products is a key aspect of our operations for which we rely heavily on data analysis and the study of industry and fashion trends to introduce new and original concepts. We incur expenses in the design and development of our products and we cannot assure you that our current portfolio of designs and any products we launch, will be well received by our customers, or that we will be able to recover costs we incurred in designing and developing such products. If the products that we launch are not as successful as we anticipate, our business, results of operations and prospects may be adversely affected.

4. ***Our Company is significantly reliant on the revenues earned from our spinning division. Any downturn in our ability to increase or effectively manage our sales could have an adverse impact on our Company's business and results of operations.***

Since inception, our Company has been engaged in the business of spinning of cotton yarn. We have set up two manufacturing units in Tamil Nadu for carrying out the business activities under our spinning division. The spinning division contributed 61.28%, 64.35%, 60.12% and 54.66% towards our revenue of operations for the nine months period ended December 31, 2020 and the Fiscals 2020, 2019 and 2018, respectively. Our revenues are highly dependent on the customer base of our spinning division and the loss of any of our customers may adversely affect our sales and consequently on our business and results of operations.

The organised and unorganised textile industry is fragmented and inherently competitive with several regional brands and retailers present in local markets across the country. In the event, our customers substitute our products with that of our competitors due to difference in price or quality of the products, it may have an adverse impact on the demand for our products. Similarly, in the event our competitors who are larger than us or develop alliances to compete against us may be able to improve the efficiency of their manufacturing process or their distribution or raw materials sourcing process and thereby offer high quality products at lower price and our Company may be unable to adequately react to such developments which may affect our revenues and profitability. Furthermore, our competitors may be able to with-stand industry downturns better than us or provide customers with products at more competitive prices; thereby impacting our revenues and profitability adversely.

5. ***We depend on a few customers of our products, for a significant portion of our revenue, and any decrease in revenues or sales from any one of our key customers may adversely affect our business and results of operations.***

Our Company is engaged in the business of manufacturing, weaving and processing of cotton yarn, knit fabrics and garments for direct sale to various garment manufacturers. In the nine months period ended December 31, 2020 and the Fiscals 2020, 2019 and 2018, 15.56%, 10.96%, 8.12% and 10.91% respectively, of our revenue from operations were derived from our top five customers (in the respective Fiscals). Our business operations are highly dependent on our customers, especially those catered by our spinning division and the loss of any of our customers from any industry which we cater to may adversely affect our sales and consequently on our business and results of operations.

While we typically have long term relationships with our customers, we have not entered into long terms agreements with our customers and the success of our business is accordingly significantly dependent on us maintaining good relationships with our customers and suppliers. The actual sales by our Company may differ from the estimates of our management due to the absence of long term agreements. The loss of one or more of these significant or key customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future.

Further, neither do we have any exclusive agents, dealers, distributors nor have we entered into any agreements with any of the market intermediaries for selling or marketing our products. If there occurs any change in the market conditions, requirements of our customers, or if we fail to identify and understand evolving industry trends, preferences or fail to meet our customers' demands, it might have a direct impact on our revenue and customer base. The inability to procure new orders on a regular basis or at all may adversely affect our business, revenues, cash flows and operations.

6. ***We highly depend on our major raw materials and a few key suppliers who help us procure the same. Our Company has not entered into long-term agreements with its suppliers for supply of raw materials. In the event we are unable to procure adequate amounts of raw materials, at competitive prices our business, results of operations and financial condition may be adversely affected.***

   Our Company is engaged in the business of manufacturing, weaving and processing of cotton yarn, knit fabrics and garments and cotton is used as the primary raw material during our manufacturing process in all our divisions. Therefore, we are highly dependent on cotton and it forms the most important and primary component of our manufacturing process. Our top five suppliers accounted for 20.07%, 20.58%, 12.49% and 17.51% of our expenses towards the purchase of raw materials for the nine months period ended December 31, 2020 and the Fiscals 2020, 2019 and 2018, respectively. Thus, if we experience significant increase in demand, or need to replace an existing supplier, we cannot assure you that we will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all. Further, in view of the ongoing pandemic and the onslaught of the second wave of Coronavirus in the country and various travel restrictions imposed throughout the country, we may not be able to procure adequate number of raw materials for our manufacturing units.

   We depend on a number of suppliers for procurement of raw materials required for manufacturing our products. In the nine months period ended December 31, 2020 and the Fiscals 2020, 2019 and 2018, the cost of raw material consumed amounted to 70.84%, 70.23%, 67.75% and 68.18% of our total revenue respectively. Our Company maintains a list of registered and unregistered suppliers from whom we procure the raw materials on order basis. We have not entered into long term contracts with our suppliers and prices for raw materials are normally based on the quotes we receive from various suppliers. We rely on pre-booking capacity with our suppliers, based on our demand projections. Since we have no formal arrangements with our suppliers, they are not contractually obligated to supply their products to us and may choose to sell their products to our competitors. Non-availability or inadequate quantity of raw material or use of substandard quality of the raw materials in the manufacture of our products, could have a material adverse effect on our business. Further, any discontinuation or a failure of these suppliers to adhere to the delivery schedule or failure to deliver the required quality and quantity could hamper our manufacturing schedule. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials to us. Further, we cannot assure you that our suppliers will continue to be associated with us on reasonable terms, or at all. Since our suppliers are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms to such suppliers, which may cause them to cater to our competitors alongside us.

   Further, the quantity of raw materials procured and the price, at which we procure such materials, may fluctuate from time to time. In addition, the availability and price of raw materials required by us may be subject to a number of factors beyond our control, including economic factors, seasonal factors, environmental factors and changes in government policies and regulations, including those relating to the laminate industry in general. We cannot assure you that we will always be able to meet our raw material requirements at prices acceptable to us, or at all, or that we will be able to pass on any increase in the cost of raw materials to our customers. Further, we also cannot assure you with a reasonable certainty that the raw materials that we would procure in the future will not be defective. In the absence of formal agreements, should we receive any defective raw materials, we may not be in a position to recover advance payments or claim compensation from our suppliers consequently increasing the manufacturing costs or reducing the realisation of our finished products. Any inability on our part to procure sufficient quantities of raw materials, on commercially acceptable terms, may lead to a decline in our sales volumes and profit margins which could adversely affect our business, results of operations and financial condition.

7. ***There are outstanding litigations involving our Company and our Joint Venture and Subsidiary which, if determined adversely, may adversely affect our business and financial condition.***

As on the date of this Draft Letter of Offer, our Company and our Joint Venture and Subsidiary, Young Brand Apparel Private Limited are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and/or severally from us and/or other parties, as the case may be. We cannot assure you that these legal proceedings will be decided in favour of our Company and our Joint Venture and Subsidiary, as the case may be, or that no further liability will arise out of these proceedings. We may incur significant expenses in such legal proceedings and we may have to make provisions in our financial statements, which could increase our expenses and liabilities. Any adverse decision may adversely affect our business, results of operations and financial condition.

A summary of the pending tax proceedings and other material litigations involving our Company and our Joint Venture and Subsidiary are provided below:

Litigations involving our Company

iii) 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	01	69.61
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

iv) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	31	534.97
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

Litigations involving our Joint Venture and Subsidiary, Young Brand Apparel Private Limited

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	01	75.08
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	Nil	Nil

**To the extent quantifiable*

For further details, please refer to the section titled "*Outstanding Litigation and Other Material Developments*" on page 207 of this Draft Letter of Offer.

8. In the past, there have been instances of delayed or erroneous filing of certain forms which were required to be filed as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 to RoC by our Company and our Subsidiaries.

In the past, there have been certain instances of delay in filing of statutory forms as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 with the RoC, which have been subsequently filed by payment of an additional fee as specified by RoC by our Company and our Subsidiaries. Further, there have been instances of erroneous filings of statutory forms with RoC as per the reporting requirements laid down under the Companies Act 1956 and Companies Act, 2013 by our Subsidiaries.

No show cause notice in respect to the above has been received by our Company or our Subsidiaries till date and except as stated in this Draft Letter of Offer, no penalty or fine has been imposed by any regulatory authority in respect to the same. The occurrence of instances of delayed or erroneous filings in future may impact our results of operations and financial position.

9. ***As the securities of our Company are listed on Stock Exchanges in India, 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 and NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. There have been instances in the past wherein, our Company has failed to comply with the requirements of the SEBI Listing Regulations in a timely manner.

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 Exchanges 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. 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.

10. ***We have incurred losses in the recent past. Continuous financial losses incurred by us may be perceived adversely by external parties such as clients and bankers, which could affect our reputation, business, financial condition and results of operation.***

Our Company has incurred losses in the recent past, attributable largely to the COVID 19 pandemic and its consequent nationwide lockdown, the details of which are provided below:

(₹ in lacs)

Particulars	December 31, 2020
Loss incurred during the nine months period ended December 31, 2020	2,309.78

There can be no assurance that we will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by us may be perceived adversely by external parties such as customers, bankers, and suppliers, which could affect our reputation.

11. ***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 lacs)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Net Cash Flow from/(used in) Operating Activities	-*	-*	-*
Net cash generated from/(used in) investing activities	-*	(2,592.91)	(4,857.45)
Net Cash Flow from/(used in) Financing Activities	(12,696.81)	(4,853.36)	-*

**indicates positive cash flow.*

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

12. ***The global scope of our operations exposes us to risks of doing business in foreign countries, including the constantly changing economic, regulatory, social and political conditions in the jurisdictions in which***

we operate and seek to operate, which could adversely affect our business, financial condition and results of operations.

We sell our products in countries such as China, England, Israel, Cameroon, United States of America, Germany, Spain, Japan, Italy, Korea, Thailand, Myanmar, Portugal, Egypt, Canada, Indonesia, Australia, Bangladesh, Hong Kong, Vietnam, Kenya, Sri Lanka, Poland, etc. In Fiscal 2020, 28.92% of our revenue from operations was from exports. Our business is therefore subject to diverse and constantly changing economic, regulatory, social and political conditions in the jurisdictions in which we operate and seek to operate. Operating in the international markets exposes us to a number of risks, including, but not limited to, compliance with local laws and regulations, which can be onerous and costly as the magnitude and complexity of, and continual amendments to, these laws and regulations are difficult to keep abreast with and the liabilities, penalties, costs, obligations and requirements associated with these laws and regulations can be substantial. Our failure to comply with and adapt to changing international regulations and/or trends may result in us failing to maintain and/or expand our international sales operations, which might adversely affect our business, financial condition and results of operations.

In case of any contingencies in the future, as a result of which we are unable to operate effectively in these markets, the results of our operations, revenues and profitability might be adversely affected. Due to this, we might not be able to expand our business effectively in the international market, thereby affecting our business, results of operations and financial condition.

13. The revenues earned from our export operations have been consistently declining for the past three financial years. Any further decline in our revenues from export operations could affect our business, financial condition and results of operation.

Our revenue from export operations for the Fiscals 2020, 2019 and 2018 was ₹ 14,344.47 lakhs, ₹ 23,195.40 lakhs and ₹ 34,228.70 lakhs, respectively. Any further decline in our export income could make us highly dependent on our domestic operations, thereby reducing and limiting our business and results of operations which could have an adverse impact our financial results. Although, there has been a constant increase in the income from our domestic operations, however a decline in our export operations could impact out brand image and also result in loss of our customer base in international markets. Such decline could also be perceived adversely by our prospective or existing international customers, thereby impacting our growth in such markets. Furthermore, in view of the onset of another wave of the Corona-virus, several countries have imposed transport restrictions, which could further impact our export operations. We cannot assure you that there will not be any further decline in our export income or such decline will not aversely impact our profits, business and results of operations.

14. A part of the Issue proceeds will be utilized by our Company for part- repayment or prepayment of inter-corporate deposits availed from one of our Corporate Promoter, Murugan Enterprise Private Limited.

One of the Objects of this Issue is to partly repay or pre pay the inter- corporate deposits amounting to ₹ 3,900 lakhs availed by our Company from our Corporate Promoter, Murugan Enterprise Private Limited. These inter-corporate deposits have been utilized by our Company towards partial repayment of our secured loans and augmentation of working capital requirements. Out of the Issue proceeds, we intend to utilize ₹ 3,900 lakhs for part repayment or pre-payment of inter-corporate deposits availed by our Company from our Corporate Promoter. For further details, please see the chapter titled "*Objects of the Issue*" beginning on page 69 of this Draft Letter of Offer.

15. Our continued operations are critical to our business and any shutdown of our manufacturing unit might adversely affect our business, results of operations and financial condition. Further, our manufacturing unit, our warehouses, godowns and all our facilities are currently located in one geographical area. The loss of, or shutdown of, our operations at this manufacturing or any disruption in the operation of our warehouses will adversely affect our business, financial condition and results of operations.

Our manufacturing units are located in Tamil Nadu and any local social unrest, natural disaster or breakdown of services and utilities in these areas might have material adverse effect on the business, financial position and results of our operations. Our current manufacturing units are subject to operating risks, such as breakdown or failure of equipment, power supply or processes, reduction or stoppage of water supply, performance below expected levels of efficiency, obsolescence, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

In the event, we are forced to shut down our manufacturing units for a prolonged period; it would adversely affect our earnings, our other results of operations and financial condition as a whole. Spiraling cost of living around our units may push our manpower costs in the upward direction, which might reduce our margin and cost competitiveness. For instance, due to the ongoing pandemic and the nationwide lockdown which was imposed by the Central Government and various state governments, we had to shut down all our manufacturing units. Pursuant to various notifications issued by Ministry of Home Affairs, Government of India, all our manufacturing units were allowed to start their operations subject to the conditions prescribed therein. With the onslaught of a second wave of Coronavirus, a further lockdown might be imposed or if for other unforeseeable reasons, we might have to halt the operations in our manufacturing units, which might cause an adverse impact on our business operations, revenue, results of operations and financial conditions.

All our manufacturing units along with our windmill unit are located in Tamil Nadu. Any significant interruption or loss or shutdown of operations at our manufacturing units would adversely affect our business. Our manufacturing, processing and other business activities might be subject to unexpected interruptions, including natural or man-made disasters. Our facilities and operations might be adversely affected by, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, raw material shortages, fire, explosion and other unexpected industrial accidents and the need to comply with the directives of relevant government authorities.

All our facilities namely, spinning, woven, knitting, processing, windmills, garments and other utilities are located in Tamil Nadu where our warehouses and godowns are also located. Any significant disruption, including social, political or economic factors or natural calamities or civil disruptions, impacting this region might adversely affect operations. Any failure of our systems or any shutdown of any of our manufacturing unit and facilities for any reason might result in significant increase of costs and delays in execution of orders. We do not have a diversified base of manufacturing operations, and local disturbances which would have a material adverse effect on our business, and consequently on our operations and financial condition. Further, our warehouses are subject to operating risks, such as performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. Any disruption of operations of our warehouses might result in delayed delivery of our product, which might lead to disputes and legal proceedings with them on account of any losses suffered by them or any interruption of their business operations due to such delay or defect. While our strategic objectives include geographical expansion across India, in the event that we are unable to make available our products in a prompt manner and within the requisite timelines our business, financial condition and prospects might be adversely affected.

Furthermore, any significant interruption to our operations directly or indirectly as a result of any industrial accidents, severe weather or other natural disasters might materially and severely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation were to prevail, terrorist attacks were to affect our related infrastructure, or if the Government of India were to temporarily take over the facility during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity may substantially increase our manufacturing costs. Any disruption of our existing supply of infrastructure services such as power or water, our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. In such situations, our production capacity may be materially and adversely impacted. In the event our facilities are forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected.

16. Any failure in our quality control processes may adversely affect our business, results of operations and financial condition. We may face product liability claims and legal proceedings if the quality of our products does not meet our customers' expectations.

Our products might have certain quality issues or undetected errors, due to defects in manufacture of products or raw materials which are used in the products. We have implemented quality control processes for our raw materials and finished goods on the basis of our internal quality standards. However, we cannot assure you that our quality control processes will not fail or the quality tests and inspections conducted by us will be accurate at all times. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality control procedures, negligence, human error or otherwise, may damage our products and result in deficient products. It is imperative for us to meet the international quality standards

set by our international customers and agencies as deviation from the same may cause them to reject our products and cause damage to our reputation, market standing and brand value.

In the event the quality of our products is sub-standard or our products suffer from defects and are returned by our customers due to quality complaints, we may be compelled to take back the sub-standard products and reimburse the cost paid by our customers. Such quality lapses may strain our longstanding relationship with our domestic and international customers and our reputation and brand image may suffer, which in turn may adversely affect our business, results of operations and financial condition. Our customers may lose faith in the quality of our products and could in turn refuse to further deal in our products, which may have a severe impact on our revenue and business operations. We also face the risk of legal proceedings and product liability claims being brought against us by our customers for defective products sold. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs.

17. In the event our marketing initiatives do not yield intended results our business and results of operations may be adversely affected.

We believe that the recognition and reputation of our brands has contributed to the growth of our business. We intend to continue to enhance the brand recall of our products through the use of targeted marketing and public relations initiatives. In order to maintain and enhance such recognition and reputation, we may be required to invest significant resources towards marketing and brand building exercises, specifically with respect to new products we launch or for geographic markets where we intend to expand our operations. For the Fiscals 2020, 2019 and 2018 our advertisement and sales promotion expenses were ₹ 82.73 lakhs, ₹ 91.06 lakhs and ₹ 27.23 lakhs, or 0.07%, 0.08% and 0.03%, of our revenue from operations (net), respectively, and it shall be our endeavour to increase this proportion in the future.

We incur advertising and marketing expenses to increase brand recall and capture additional demand, and in the event they do not yield their intended results, or we are required to incur additional expenditures than anticipated, our business and results of operations might be adversely affected.

18. Some of the raw materials that we use are inflammable in nature. While we take adequate care and follow all relevant safety measures, there is a risk of fire and other accidents, at our manufacturing units and warehouses. Any accidents is likely to result in loss of property of our Company and/or disruption in the manufacturing processes which may have a material adverse effect on our results of operations, cash flows and financial condition.

The key raw material used by us for manufacturing our products is cotton. Due to its combustible nature of cotton and the semi-finished or finished products manufactured by us, we might be exposed to fires or other industrial accidents. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life, damage to our and third-party property or cause environmental damage. If any industrial accident, loss of human life or environmental damage were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. In addition to adversely affecting our reputation, any such accidents, may result in a loss of property of our Company and/or disruption in our manufacturing operations entirely, which may have a material adverse effect on our results of operations and financial condition. In addition to the loss as a result of such fire or industrial accident, any shutdown of any of our manufacturing units may result in us being unable to meet with our commitments, which will have an adverse effect on our business, results of operation and financial condition.

Further, any fire or industrial accident, any shutdown of our manufacturing units or any environmental damages will increase the regulatory scrutiny and result in enhanced compliance requirements including on use of materials and effluent treatment which would, amongst others, increase the cost of our operations. We cannot assure you that despite our best efforts we will not face similar situations at our manufacturing units which may result in significant loss to our Company and/or a disruption of our manufacturing operations. The loss incurred by our Company, though adequately insured, may or may not be recoverable through the insurance maintained by us. Such loss and/or disruption of our manufacturing operations may have a material adverse effect on our operations, cash flows and financial condition.

19. Any delays and/or defaults in customer 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 payment delays and/or defaults by our customers. Our financial position and financial performance are dependent on the creditworthiness of our customers. As per our business network model, we supply our products directly to our customers without taking any advance payment or security deposit against the orders placed by them. 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 customers will be received in a timely manner or to that extent will be received at all. If a customer defaults in making its payments on an order on which our Company has devoted significant resources, or if an order in which our Company has invested significant resources is delayed, cancelled or does not proceed to completion, it may have a material adverse effect on our Company's results of operations and financial condition. Even though we have availed trade credit insurance policy (domestic and export risk) to insure our Company against the risk of commercial default insolvency and protracted default, we cannot assure you that the said policy will provide adequate cover towards the losses which may be incurred due to the defaults committed by our customers. For the Fiscals ending March 31, 2020, 2019 and 2018 our trade receivables were ₹ 17,472.17 lakhs, ₹ 19,616.10 lakhs and ₹ 13,012.22 lakhs, respectively, out of which, debts amounting to ₹ 814.52 lakhs, ₹ 657.17 lakhs and ₹ 605.04 lakhs were outstanding for a period exceeding six months.

There is no guarantee on the timeliness of all or any part of our customers' 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.

20. If our Company is unable to continue being creative or if we are unable to keep up to the changing trends in the textile industry, it may adversely affect our business, results of operations and prospects.

Our results of operations depend upon the continued demand of our products by our customers. Since we operate in a competitive industry where customers' purchases are highly subjective and sensitive to current trends along with creativity, keeping in with the latest trends is one of the key attributes for success. If we are unable to anticipate consumer preferences or industry changes, or if we are unable to update our products on a timely basis, we may lose customers to our competitors, or may be forced to reduce our sales realization on products by having to offer them at a discount, thereby reducing our margins. If we are not able to anticipate the demand, or misjudge the quantity, *inter alia*, this could lead to lower sales, higher inventories and higher discounts, each of which could adversely affect our brand, reputation, results of operations and financial condition.

21. Our Company requires significant amount of working capital for a continuing growth. Our inability to meet our working capital requirements may adversely affect our results of operations.

Our business requires a significant amount of working capital. As per our settled business terms, we require our customers to pay the full amount of the consideration only after they receive the order, as a result, significant amounts of our working capital are often required to finance the purchase of raw material and execution of manufacturing processes before payment is received from our customers. Further, we are also required to meet the increasing demand and for achieving the same, adequate stocks are required to be maintained which requires sufficient working capital. In the event, we are unable to source the required amount of working capital for addressing such increased demand of our products, we might not be able to efficiently satisfy the demand of our customers. Even if we are able to source the required amount of funds, we cannot assure you that such funds would be sufficient to meet our cost estimates and that any increase in the expenses will not affect the price of our products.

Any delay in processing our payments by our customers may increase our working capital requirement. Further, if a customer defaults in making payments for a product on which we have devoted significant resources, it could affect our profitability and liquidity and decrease the capital reserves that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to such defaults but settlement of disputes generally takes time and financial and other resources, and the outcome is often uncertain. In general, we make provisions for bad debts, including those arising from such defaults based primarily age of the debt and other factors such as special circumstances relating to special customers. There can be no assurance that such payments will be remitted by our clients to us on a timely basis or that

we will be able to effectively manage the level of bad debt arising from defaults. We may also have large cash outflows, including among others, losses resulting from environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and liability claims.

All of these factors may result, in increase in the amount of receivables and short-term borrowings. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

22. Failure to comply with the conditions applicable under Revised and Restructured Technology Upgradation Fund Scheme ("RRTUF") and Amended Technology Upgradation Fund Scheme ("ATUFS") being availed by us or withdrawal of the Schemes by the Government may render our Company ineligible for interest and capital subsidies.

Our Company presently is eligible to avail benefits provided under RRTUF and ATUFS. For further details, please refer to the chapter titled "*Our Business*" on page 92 of this Draft Letter of Offer. These benefits and incentive are provided to our Company on fulfilment of certain conditions and eligibility criteria, if we fail to comply with the conditions stipulated under these policies, our Company may be denied such subsidies, which in turn will make our operations less cost effective and increase the prices of our products. Further, termination of, withdrawal or variations in the terms of such policies can adversely affect our profitability and/or our business operations. As a result, it might have a material adverse effect on results of operations and financial condition of our Company.

23. If 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 current name and logo, is not owned or registered as a trade name or trademark by our Company under the provisions of the Trademarks Act, 1999 and therefore may be subject to counterfeiting or imitation which would adversely impact our reputation and lead to loss of customer confidence, reduced sales and higher administrative costs. Further, our Company does not enjoy the statutory protections accorded to a registered trademark. There can be no assurance that we will be able to register the trademark and the logo or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. If any of our unregistered trademarks or proprietary rights are registered by a third party, we may not be able to make use of such trademark or proprietary rights in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with our Company. We can neither assure you that we will be successful in such a challenge nor guarantee that eventually our name and logo will be registered in our name under the provisions of the Trademarks Act, 1999. As a result, we may not be able to prevent acts of counterfeiting or imitation of our name and logo and a passing off action may not provide sufficient protection until such time that registration is granted.

We are also exposed to the risk that other entities may pass off their products as ours by imitating our brand name and attempting to create counterfeit products. We believe that there may be other companies or vendors which operate in the unorganized segment using our brand names. Any such activities may harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

Furthermore, 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, continuous supply of raw materials or to deliver our 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 might adversely affect our business, results of operations and financial condition.

24. ***We are dependent on information technology systems in carrying out our business activities and it forms an integral part of our business. Further, if we are unable to adapt to technological changes and successfully implement new technologies or if we face failure of our information technology systems, we may not be able to compete effectively which may result in higher costs and would adversely affect our business and results of operations.***

    We are dependent on information technology system in connection with carrying out our business activities and such systems form an integral part of our business. Any failure of our information technology systems could result in business interruptions, including the loss of our customers, loss of reputation and weakening of our competitive position, and could have a material adverse effect on our business, financial condition and results of operations. Additionally, our information technology systems, specifically our software may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our business activities. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our business activities, which could adversely affect our operations. Breaches of our information technology systems may result in unauthorized access to confidential information. Such breaches of our information technology systems may require us to incur further expenditure to put in place advanced security systems to prevent any unauthorised access to our networks. Further, the commercial success of our business is highly dependent on the developmental and innovative breakthroughs of our design division. In the event, any breach of our systems or software leads to the leaking of our designs or any inventive design techniques devised by our Company, it might lead to loss of our originality in the market and increase the chance of our products being substituted by the products of our competitors.

    Our future success depends in part of our ability to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis. Our failure to successfully adopt such technologies in a cost-effective manner could increase our costs thereby compelling us to bid at lower margins which might lead to loss of bidding opportunities vis-à-vis such competitors. Additionally, the government authorities may require adherence with certain technologies and we cannot assure you that we would be able to implement such technologies in a timely manner or at all. The cost of upgrading or implementing new technologies or upgrading our existing equipment or expanding our capacity could be significant, less cost effective and therefore could negatively impact our profitability, results of operations, financial condition as well as our future prospects.

25. ***We do not own certain premises used by our Company. Disruption of our rights as licensee/ lessee or termination of the agreements with our licensors/ lessors would adversely impact our manufacturing operations and, consequently, our business.***

    As on the date of this Draft Letter of Offer, our Registered Office, the land on which our processing unit is situated, manufacturing unit for home textiles, warehouses, godowns and stockyards have been taken on lease by our Company from related parties or third parties. For details, please refer to the chapter titled "*Our Business- Our Immovable Properties*" on page 104 of this Draft Letter of Offer.

    There is no assurance that our Company will be able to renew the lease agreements or deeds entered into with third parties in a timely manner or at all. Further, there is no assurance that we will not face any disruption of our rights as a lessee/ licensee and that such leave and license and lease agreements will not be terminated prematurely by the licensor/lessor. Any such non-renewal or early termination or any disruption of our rights as lessee / licensee might adversely affect our business operations.

26. ***The Equity Shares of our Company are not frequently traded on the Stock Exchanges.***

    The Equity Shares of our Company are not frequently traded on the Stock Exchanges, as per the meaning ascribed to "frequently traded shares" under Regulation 2(1)(j) of SEBI Takeover Regulations. We cannot assure you that there might not be any adverse effect of the same on the market value of our Equity Shares or our business, results of operations and financial condition. For further details, please refer to the chapter titled "*Market Price Information*" on page 204 of this Draft Letter of Offer.

27. ***Our Company does not have any documentary evidence for the educational qualifications of one of our***

Directors.

Our Independent Director, Shanmugavelayutham Sihamani is unable to trace documents evidencing her educational qualifications. Due to lack of documents and relevant information from the aforementioned Director, we have not disclosed details of her educational qualifications in her biography in the chapter titled "*Our Management*" as is required under the SEBI ICDR Regulations. For further details, please refer to the chapter titled "*Our Management*" on page 108 of this Draft Letter of Offer.

28. Some of our Subsidiaries have incurred losses in the past.

Some of our Subsidiaries have incurred losses in the past, details of which are as under:

(₹ in lakhs)

Name of the entity	Profit/(Loss)		
	March 31, 2020	**March 31, 2019**	**March 31, 2018**
Bannari Amman Trendz Private Limited*	(46.19)	-	-
Bannari Amman Retails Private Limited**	(37.65)	(2.70)	-
Young Brand Apparel Private Limited	-	-	-

**The Company was incorporated on February 21, 2019, the figures for the period ended March, 31 2020 represents the period from Date of Incorporation to March 31, 2020.*
*** The Company was incorporated on December 14, 2018, the figures for the period ended March, 31 2019 represents the period from Date of Incorporation to March 31, 2019.*

There can be no assurance that our Subsidiaries will not incur losses in any future periods, or that there may not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by our Subsidiary may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation.

29. Some of our Subsidiaries have a negative Net Worth.

Some of our Subsidiaries have a negative Net Worth due to the losses reported by them, details of which are provided below:

(₹ in lakhs)

Name of the entity	Negative Net Worth		
	March 31, 2020	**March 31, 2019**	**March 31, 2018**
Bannari Amman Trendz Private Limited*	(45.72)	(1.08)	-
Bannari Amman Retails Private Limited**	(39.62)	(1.70)	-

**The Company was incorporated on February 21, 2019, the figures for the period ended March, 31 2020 represents the period from Date of Incorporation to March 31, 2020.*
*** The Company was incorporated on December 14, 2018, the figures for the period ended March, 31 2019 represents the period from Date of Incorporation to March 31, 2019.*

There can be no assurance that our Subsidiaries will not have a negative Net Worth in the future as well.

30. Some of our Subsidiaries have 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.

Some of our Subsidiaries have experienced negative net cash flow in investing activities during the financial year ended March 31, 2020, the details of which are provided below:

(₹ in lakhs)

Particulars	Negative Cash Flow in investing activities
	March 31, 2020
Bannari Amman Trendz Private Limited*	(102.72)
Bannari Amman Retails Private Limited**	(61.09)

**The Company was incorporated on February 21, 2019, the figures for the period ended March, 31 2020 represents the period from Date of Incorporation to March 31, 2020.*
*** The Company was incorporated on December 14, 2018, the figures for the period ended March, 31 2019 represents the period from Date of Incorporation to March 31, 2019.*

31. Our Corporate Promoters have incurred losses in the financial year ended March 31, 2020.

Our Corporate Promoters have incurred losses in the financial year ended March 31, 2020, details of which are as under:

(₹ in lakhs)

Name of the entity	Profit/(Loss)
	March 31, 2020
Murugan Enterprise Private Limited	(47.63)
Sakthi Murugan Transports Private Limited	(2.30)

There can be no assurance that our Corporate Promoters will not incur losses in any future periods, or that there may not be an adverse effect on our reputation or business as a result of such losses.

32. Our inability to receive or renew the necessary licenses, approvals and registrations in a timely manner or at all may lead to interruption of our Company's operations.

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our manufacturing units, some of which have been granted for a fixed period of time and need to be renewed from time to time. As of date of this Draft Letter of Offer, there are no pending proceedings, which have been initiated against us by the statutory authorities. We cannot assure you that in the near future there will not be any legal actions taken against us for the same.

Further, our licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company's operations and may adversely affect our business.

33. We may be unable to grow our business in additional geographic regions or international markets, which may adversely affect our business prospects and results of operations.

Our Company seeks to grow its market reach domestically to explore untapped markets and segments; however, we cannot assure you that we will be able to grow our business as planned. Infrastructure and logistical challenges in addition to the changing customers' taste and preferences may prevent us from expanding our presence or increasing the penetration of our products. Further, customers may be price conscious and we may be unable to compete effectively with the products of our competitors. If we are unable to grow our business in these new markets effectively, our business prospects, results of operations and financial condition may be adversely affected.

Further, expansion into new international markets is important to our long-term prospects. Competing successfully in international markets requires additional management attention and resources to tailor our services to the unique aspects of each new country. We may face various risks, including legal and regulatory restrictions, increased advertising and brand building expenditure, challenges caused by distance, language and cultural differences, in addition to our limited experience with such markets and currency exchange rate fluctuations. International markets require a very high standard of quality of products and our Company might not be able to match the international standards thereby failing to make a brand presence in the international markets. If we are unable to make long-lasting relations with the major customers in the overseas market or if we are unable to justify the quality of our products to them, it may make it difficult for us to enter into such markets. These and other risks, which we do not foresee at present, could adversely affect any international expansion or growth, which might have an adverse effect on our business, results of operations and financial condition.

34. We are dependent on third party transportation providers for delivery of raw materials to us from our suppliers and delivery of our products to our customers. We have not entered into any formal contracts with our transport providers and any failure on part of such service providers to meet their obligations may adversely affect our business, financial condition and results of operation.

All our manufacturing units, warehouses, godowns, stockyards and other utilities are located in Tamil Nadu. To ensure smooth functioning of our manufacturing operations, we need to maintain continuous supply and transportation of the raw materials required from the supplier to our manufacturing units or warehouses and transportation of our products from our units or warehouses to our customers, which may be subject to various uncertainties and risks. We are significantly dependent on third party transportation providers for the delivery of raw materials to us and delivery of our products to our customers. Uncertainties and risks such

as transportation strikes or delay in supply of raw materials and products is likely to have an adverse effect on our supplies and deliveries to and from our customers and suppliers. Additionally, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in a timely, efficient and reliable manner may adversely affect our business, results of operations and financial condition.

Further, we have not entered into any long-term agreements with our transporters for any of our manufacturing units and the costs of transportation are generally based on mutual terms and the prevailing market price. In the absence of such agreements, we cannot assure that the transport agencies would fulfill their obligations or would not commit a breach of the understanding with us. In the event that the finished goods or raw materials suffer damage or are lost during transit, we may not able to prosecute the agencies due to lack of formal agreements. Further, the transport agencies are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms or prices, which may cause them to cater to our competitors alongside us or on a priority basis, which might adversely affect our business, results of operations and financial condition.

35. If we are unable to identify customer demand accurately and maintain an optimal level of inventory proportionately, our business, results of operations and financial condition may be adversely affected.

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Any error in such identification could result in either surplus stock, which we may not be able to sell in a timely manner, or no stock at all, or under stocking, which will affect our ability to meet customer demand. We plan our inventory and estimate our sales based on the forecast, demand and requirements for our products based on past data. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively by readily making our products available to our customers. Ensuring continuous availability of our products requires prompt turnaround time and a high level of coordination across raw material procurement, manufacturers, suppliers, warehouse management and departmental coordination. While we aim to avoid under-stocking and over-stocking, our estimates and forecasts may not always be accurate. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. If we over-stock inventory, our capital requirements may increase and we may incur additional financing costs. Any unsold inventory would have to be sold at a discount, leading to losses. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition. If we under-stock inventory, our ability to meet customer demand may be adversely affected.

36. We have significant power requirements for continuous running of our factories. Any disruption to our operations on account of interruption in power supply or any irregular or significant hike in power tariffs may have an effect on our business, results of operations and financial condition.

All our manufacturing units have significant electricity requirements and any interruption in power supply may temporarily disrupt our operations. Our manufacturing units get a significant amount of power supply from our wind mill unit and we also source power supply from third parties. Since, we have a high-power consumption, any unexpected or unforeseen increase in the tariff rates can increase the operating cost of our manufacturing unit and thereby cause an increase in the production cost which we may not be able to pass on to our customers. We are dependent upon our wind mill unit for a significant portion of power supply, in the event there occurs a mishap or if we are forced to halt the operations of wind mill unit it will have a adverse effect on our business and the operation of our manufacturing units.

We cannot assure you that our wind mill unit will function effectively and that we will not be forced to approach third parties power suppliers for availing power supply in addition to the amount sanctioned to us. We also cannot assure you that we will be able to avail the power supply at prices acceptable to us, or that we will be able to pass on any increase in the price of power supply to our customers. There are limited number of electricity providers in area from where we operate due to which in case of a price hike, we may not be able to find a cost-effective substitute, which will negatively affect our business, financial condition, cash flows and results of operations. For further details, please refer to the chapter titled "*Our Business-Power*" on page 101 of this Draft Letter of Offer.

37. Our industry is competitive and our inability to compete effectively will adversely affect our business, results of operations, financial condition and cash flows.

The textile industry in India is fragmented and competitive with several regional brands and retailers present in local markets across the country. The textile market in India has historically been dominated by the unorganized sector. Our products compete with local retailers, non-branded products, economy brands and products of other established brands. Any increase in sale of such brands or if preference is given to such brands it may have an adverse impact on our business and results of operations. Some of our competitors may be able to procure raw materials at lower costs than us, and consequently be able to sell their products at lower prices. As a result, our competitors may be able to withstand industry downturns better than us or provide customers with products at more competitive prices. Some of our international competitors may be able to capitalize on their overseas experience to compete in the Indian market.

We cannot assure you that we will be able to effectively and successfully compete in future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition. For further details, please see "*Industry Overview*" on page 80 of this Draft Letter of Offer.

38. We do not have any offshore offices to manage our international operations.

We sell our products in countries such as China, England, Israel, Cameroon, United States of America, Germany, Spain, Japan, Italy, Korea, Thailand, Myanmar, Portugal, Egypt, Canada, Indonesia, Australia, Bangladesh, Hong Kong, Vietnam, Kenya, Sri Lanka, Poland, etc. In Fiscal 2020, 28.92% of our revenue from operations was from exports. A significant portion of our revenue is derived from our export operations however, we have not set up any offshore offices to supplement our international operations. Consequently, we may not be able to properly market our products, capitalise opportunities offered by the international markets or co-ordinate with the intermediaries of such markets to effectively forecast market demands, fashion trends in a timely manner. We cannot assure you that in the near future we will be able to set up our offices overseas to manage our international operations and that the lack of same will not adversely affect our business.

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

Our Promoters, 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 Promoters, Directors 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 see the section titled "*Financial Information"* at page 122 of this Draft Letter of Offer.

There can be no assurance that our Promoters, Directors, Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters 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.

40. Our Company has extended corporate guarantee with respect to loan facilities availed by our Joint Venture and Subsidiary, Young Brand Apparel Private Limited. Any defaults committed by our Joint Venture and Subsidiary or invocation of the guarantee extended by our Company may adversely affect our business operations and financial condition.

Our Company has extended corporate guarantee in favour of Punjab National Bank with respect to the loan facilities availed by our Joint Venture and Subsidiary, Young Brand Apparel Private Limited. In the event the business and operations of our Joint Venture and Subsidiary deteriorates and if it commits a default in payment of principal or interest due to the bank, the corporate guarantee extended by our Company may get invoked.

On the occurrence of any of the above-mentioned situations, the Bank might demand repayment of the outstanding amounts under the said facilities sanctioned to our Subsidiary. In the event, we are unable to repay the outstanding amount in a timely manner or at all, the Bank may enforce the restrictive covenants or consequences of defaults which in turn may 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 194 of this Draft Letter of Offer.

41. Some of our Subsidiaries may have conflicts of interest as they are engaged in similar business and may compete with us.

Some of our Subsidiaries are engaged in the same industry segment as our Company. Although the product portfolio offered by some our Subsidiaries differs from our Company, however there might be conflicts of interest in future. We have not entered into any non-compete agreements with such Subsidiaries and there can be no assurance that such Subsidiaries will not compete with our existing business or any future business that we might undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business and financial performance.

42. Any conflict of interest which may occur between our business and any other similar business activities pursued by our Individual Promoter could have a material adverse effect on our business and results of operations.

As of the date of this Draft Letter of Offer, our Individual Promoter, Sangampalayam Vedanayagam Arumugam is a director on the board of directors of our Subsidiaries as well as our Joint Venture and Subsidiary which are engaged in business activities similar to our business, thereby causing a conflict of interest between our Company and our Individual Promoter. We have not entered into a non-compete arrangement with him to address such conflicts. We cannot assure you that a conflict will not arise, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

43. Our Promoters 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 Promoters 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 Promoters 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 Promoters 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 Promoters' 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.

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

As of March 31, 2020, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Restated Financial Information aggregated to ₹ 1391.20 lakhs. The details of our contingent liabilities are as follows:

(₹ in lakhs)

S. No.	Particulars	As at 31st March, 2020
1.	Central Excise demands, pending in appeal	69.61
2.	TANGEDCO demands, pending in appeal	1,166.91
3.	Demand of Service tax on the amounts paid to Foreign Service Providers is under dispute and an appeal has been filed before the Hon'ble Madras High Court, Chennai.	75.08

S. No.	Particulars	As at 31st March, 2020
4.	Infrastructure and amenities charges levied by Department of Town and Country Planning, for which the Company has jointly made appeal to Hon'ble High Court along with industrial units in the location and the Hon'ble High Court has given a stay order.	79.60
	Total	**1,391.20**

For further details of contingent liability, see the section titled — "*Financial Information*" on page 122 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.

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

As of December 31, 2020, we have entered into several related party transactions with our Promoters, individuals and entities forming a part of our promoter group and our Subsidiaries relating to our operations. In addition, we have in the past also entered into transactions with other related parties. For further details, please see the section titled "*Financial Information"* at page 122 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.

46. The agreements executed by our Company and our Subsidiaries with lenders for financial arrangements contain restrictive covenants for certain activities and if we or our Subsidiaries are unable to get their approval, it might restrict our scope of activities and impede our growth plans.

We and our Subsidiaries have entered into agreements for our borrowings with certain lenders. These borrowings include secured fund based and non-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/inter corporate deposits availed from Promoters and third parties, undertake guarantee obligations on behalf of any other borrower including subsidiaries, which require our Company and our Subsidiaries to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us or our Subsidiaries with these approvals in the future. For details of these restrictive covenants, please refer to chapter titled — "*Financial Indebtedness*" on page 194 of this Draft Letter of Offer.

Further, some of the financing arrangements include covenants which mandate us and our Subsidiaries to maintain total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. A default under one 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. This might 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 "*Events of Default*" and "*Consequences of default*" in the chapter titled "*Financial Indebtedness*" on page 194 of this Draft Letter of Offer.

47. In addition to the existing indebtedness our Company or our Subsidiaries, may incur further indebtedness during the course of business. We cannot assure that our Company or our Subsidiaries would be able to service the existing and/ or additional indebtedness.

As on December 31, 2020 the total fund based indebtedness of our Company is ₹ 52,183.69 lakhs and our Subsidiaries is ₹ 7,903.31 lakhs. In addition to the indebtedness for the existing operations of our Company or our Subsidiaries, may incur further indebtedness during the course of their business. We cannot assure you that our Company or our Subsidiaries 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 the indebtedness of our Company or our Subsidiary or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company or our Subsidiary, 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 194 of this Draft Letter of Offer.

48. Our Company has availed certain inter corporate deposits from our Corporate Promoter, Murugan Enterprise Private Limited, which are recallable in nature.

As on March 31, 2021, our Company has outstanding inter corporate deposits aggregating to ₹ 3,900 lakhs, which have been extended by our Corporate Promoter, Murugan Enterprise Private Limited which may be recalled at any time after the expiry of three years from the date of their disbursement. We cannot assure you that our Corporate Promoter will not demand repayment of inter corporate deposits extended to us prior to the aforementioned time period or after the expiry of such period. In the event, our Corporate Promoter seeks a repayment of any these inter corporate deposits, 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 carry out the operations or complete our ongoing operations. Therefore, any such demand may adversely affect our business, financial condition and results of operations. For further details, see "*Financial Indebtedness*" on page 194 of this Draft Letter of Offer.

49. 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.

50. Our success largely depends upon the knowledge and experience of our Promoters, Directors and our Key Managerial Personnel. Loss of any of our Directors and key managerial personnel or our ability to attract and retain them could adversely affect our business, operations and financial condition.

The growth and success of our Company's future significantly depends upon the experience and continued services and the management skills of our Key Managerial Personnel and the guidance of our Directors for development of business strategies, monitoring its successful implementation and meeting future challenges. We believe the expertise, experience and continued efforts of our Key Managerial Personnel and their inputs are valuable to for the operations of our Company. Our future success and growth depend largely on our ability to attract, motivate and retain the continued service of our highly skilled management personnel. Our Company has never been faced with a challenge of high rate of attrition of our Key Management Personnel in the past, however, any attrition of our experienced Key Managerial Personnel, would adversely impact our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those Key Managerial Personnel who leave. In the event we are unable to motivate and retain our key managerial personnel and thereby lose the services of our highly skilled Key Managerial Personnel may adversely affect the operations, financial condition and profitability of our Company and thereby hampering and adversely affecting our ability to expand our business.. For further details on our Directors and Key Managerial Personnel, please refer to the chapter titled — "*Our Management*" on page 108 of this Draft Letter of Offer.

51. Non-compliance with and changes in, safety, health, labour and environmental laws and other applicable regulations, may adversely affect our business, results of operations and financial condition.

Our Company is engaged in the business of manufacturing cotton yarn, fabrics, processing of fabrics and garments for sale to various manufacturers which makes it mandatory for us to comply with extensive laws and government regulations, including in relation to safety, health and environmental protection. In view of the nature of our manufacturing process and the significant quantity of water utilized in processing and dying of fabrics, our processing facility generates a considerable amount of water waste which is treated in-house through a zero-discharge effluent treatment plant installed in the said facility. We cannot assure you that there will not arise a situation wherein we shall not be able to effectively treat the industrial waste, thereby failing to comply with the necessary procedures and requirements laid down under the applicable environmental laws. On the occurrence of any of the above events, we could face regulatory action which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities. There can be instances in the future, where our Company may be forced to halt our business operations in our manufacturing units on receiving adverse orders from state pollution control boards. We cannot assure you that there will not be any instances in the future wherein our Company will not be forced to halt the operations in its manufacturing units due to not complying with the applicable laws and such events will not cause loss of revenue and have an adverse impact on our business operations.

India has stringent labour legislations which protect the interest of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution, working conditions, hiring and termination of employees, contract labour and work permits and maintenance of regulatory and statutory records and making periodic payments, minimum wages and maximum working hours, overtime, working conditions, etc.

Our Company is also subject to safety, health and environment laws and regulations such as the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981. These laws and regulations impose controls on our Company's safety standards, and other aspects of its operations. Our Company has incurred and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, our Company has made and expects to continue to make capital expenditures on an on-going basis to comply with the safety and health laws and regulations. Our Company may be liable to the Central and State governmental bodies with respect to its failures to comply with applicable laws and regulations. Further, the adoption of new safety and health laws and regulations, new interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that our Company make additional capital expenditures or incur additional operating expenses in order to maintain its current operations or take other actions that could adversely affect its financial condition, results of operations and cash flow. Safety, health and environmental laws and regulations in India and all around the world, in particular, have been increasing in stringency and it is possible that they will become significantly more stringent in the future. The costs of complying with these requirements could be significant and may have an impact on our financial condition. Therefore, if there is any failure by us to comply with the terms of the laws and regulations governing our operations we may be involved in litigation or other proceedings, or be held liable in any litigation or proceedings, incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business and results of operations.

52. Our Company is highly dependent on skilled and unskilled labour for manufacturing of our products. Our manufacturing processes are labour intensive, therefore our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees. If we are unable to continue to hire skilled and unskilled labour, in sufficient numbers and the quality and quantity of our products being manufactured in our units can get affected.

Our operations are significantly dependent on access to a large pool of laborers for operation of our manufacturing unit. As of December 31, 2020, we had 3,322 permanent full-time employees. Our dependence on skilled and unskilled labour may result in significant risks for our operations, relating to the availability and skill of such labourers, as well as contingencies affecting availability of such laborers during peak periods. Further, our manufacturing units are surrounded by a number of industries, which may create a demand-supply gap in the labour industry which may impact our business operations. There can be no assurance that we will have adequate access to skilled and unskilled workmen at reasonable rates. As a result, we may be required to incur additional costs to ensure timely execution of our projects. In addition to the above, in view of the ongoing pandemic and the lockdown which was imposed by several State and Central Governments, there is an acute shortage of laborers, since most of the labourers have returned to their native places due to the widening income gap and lack of adequate resources to sustain their livelihood. In the event, we are unable to source adequate numbers of laborers for our manufacturing units or if we are exposed

to an increased expense due to the surge in the wages of such laborers we cannot assure you that it will not impact our business operations and financial condition. Due to the increase in the wages paid to the labours, we may have to increase the cost of our product which would directly impact our customers. In the event, we are unable to deploy the required number of labours to run our manufacturing units for addressing such increased demand of our products, we might not be able to efficiently and timely satisfy the demand of our customers. We believe our employees and labour employed in our manufacturing unit are critical to maintain our competitive position. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations and could adversely affect our results of operations and financial position.

53. ***Our operations can be adversely affected in case of industrial accidents at our manufacturing unit. Any fire or mishap or accidents of such nature at the Company's facilities could lead to accident claims and damage and loss of property, inventory, raw materials, etc. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.***

Our manufacturing process requires the use of machines, which makes the labour employed at our manufacturing unit prone to accidents that occur during the course of our operations resulting in personal injuries causing permanent disability or even death. Further, the key raw material used by us for manufacturing our products is cotton. Due to its combustible nature of cotton and the semi-finished or finished products manufactured by us, we may be exposed to fires or other industrial accidents and every stage from procurement, processing, storage and transportation to trading is fraught with an imminent risk of loss by fire. With the use of chemicals, boilers, large volume of air for material handling, etc. the risk of fire hazard increases exponentially. The stocks of finished goods, raw materials, godowns and the main manufacturing area are more prone to such accidents, which could cause substantial loss to our machinery, thus hampering our business operations. If there occurs an accident or mishap due to fire, it could adversely affect our results of operations and financial position.

We have obtained certain insurance policies such as standard fire and special perils policy, marine cargo open policy, group janata personal accident insurance policy, personal accident insurance (group) policy, trade credit insurance policy (domestic and export risk), etc. The standard fire and special perils policy insures *inter alia* our raw materials that is, stock of cotton bales, yarn, waste cotton, textile machinery, spares, stock of yarn bags and stock of cotton waste, electrical installations, office equipment, computers and accessories, lab equipment, building, plant and machinery, stock, stock in process, finished goods, semi-finished, interior decorations, consumables, chemicals, high speed diesel, packing materials, traded goods of yarn and fabric, etc. The marine cargo open policies cover the risks associated with the transit of raw-materials, finished goods, stores and consumables to and from the manufacturing units. The group janata personal accident insurance policy, personal accident insurance (group) policy insure our employees and workers. Further the trade credit insurance policy (domestic and export risk) insure our Company against the risk of commercial default insolvency and protracted default. Although, we have taken appropriate insurance cover, there can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.

There are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be insured or adequately insured, which in turn may expose us to certain risks and liabilities. We have adopted adequate safety measures; however, we cannot assure you that, in the future no such cases will be instituted against our Company, alleging that we were negligent or we did not provide adequate supervision therefore, holding us liable for injuries that were suffered during the manufacture of our products. In the event any such accidents take place in the manufacturing unit of our Company, we may get involved in litigation or other proceedings, or be held liable in any litigation or proceedings, incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business and results of operations. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. If we were to incur a significant liability for which we were not fully insured, it may adversely affect our results of operations and financial position.

54. Our Company is subject to foreign exchange control regulations which can pose a risk of currency fluctuations.

Our Company is involved in various business transactions with international clients and has to conduct the same in accordance with the rules and regulations prescribed under FEMA. Due to non-receipt of such payments in a timely manner, our Company may fail to adhere to the prescribed timelines and may be required to pay penalty to the appropriate authority or department to regularize the payment. Similarly, due to our sacrosanct reliance on our primary raw material being cotton we are exposed to a risk of increase in costs of raw materials due to the currency fluctuations. Further, our international operations (export sales) make us susceptible to the risk of currency fluctuations, which may directly affect our operating results. In case we are unable to adhere to the timelines prescribed under the applicable laws or are unable to mitigate the risk of currency fluctuation, it may adversely affect our business, results of operations, financial conditions and cash flows.

55. 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. Our business is working capital intensive and 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 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. Although our Company has declared dividends in the past, however there can be no assurance that our Company will declare dividends in the future also. For further details, please refer to the chapter titled "*Financial Indebtedness*" and the chapter titled "*Dividend Policy*" on pages 194 and 121 respectively, of this Draft Letter of Offer.

56. Increased losses due to fraud, employee negligence, 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 pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. An increase in product 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 inventory management and handling. 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, employee fraud 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.

57. 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 is not more than ₹10,000 lakhs, under Regulation 82 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 Promoters 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 69 of this Draft Letter of Offer.

58. ***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 on the internet and such data has not been independently verified by us.***

We have neither commissioned an industry report, nor sought consent from the quoted website source 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 online for which relevant consents have not been obtained. 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

59. ***Our Company will not distribute the Letter of Offer and Application Form to certain overseas Shareholders who have not provided an address in India for service of documents.***

Our Company will dispatch the Letter of Offer, the Abridged Letter of Offer, Rights Entitlement Letter and Application Form (the "**Offering Materials**") to such Shareholders who have provided an address in India for the service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e- mail. Presently, there is a lack of clarity under the Companies Act, 2013, and the rules thereunder, with respect to the distribution of Offering Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions.

60. ***SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, 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 circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, 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 225.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

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

In accordance with SEBI circulars dated May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an

additional option and not a replacement of the ASBA process. On R-WAP, the Eligible Shareholders can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see "*Terms of the Issue*" on page 225. Such payment gateways and mechanisms are faced with risks such as:

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

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

62. The entitlement of Rights Equity Shares to be allotted to investors applying for Allotment in physical form, will be kept in abeyance.

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form will not be available after a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., May 10, 2019. Since, the Rights Equity Shares offered pursuant to this Issue will be Allotted only after May 10, 2019, the entitlement of Rights Equity Shares to be Allotted to the Applicants who have applied for Allotment of the Rights Equity Shares in physical form will be kept in abeyance in electronic mode by our Company until the Applicants provide details of their demat account particulars to the Registrar. 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).

63. 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.

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 circulars dated January 22, 2020 and May 6, 2020, read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, 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 225. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

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

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 225.

65. 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.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

67. 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.

68. There is no guarantee that our Equity Shares will be listed in a timely manner or at all which may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

69. 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.

70. 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.

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

Any instance of disinvestments of equity shares by our Promoters 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.

72. 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

73. The outbreak of Novel Coronavirus, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.

The outbreak, or threatened outbreak, of any severe epidemic caused due to viruses (particularly the Novel Coronavirus) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of Novel Coronavirus has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding Novel Coronavirus and no government-certified treatment or vaccine is available. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of Novel Coronavirus remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting Novel Coronavirus or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of Novel Coronavirus will cause an economic slowdown and it is possible that it could cause a global recession. The spread of Novel Coronavirus has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

The extent to which the Novel Coronavirus further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are still assessing our business operations and system supports and the impact Novel Coronavirus may have on our results and financial condition, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of Novel Coronavirus or its consequences, including downturns in business sentiment generally or in our sector in particular. The degree to which Novel Coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people.

Further in case the lockdown is extended, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

74. 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, 2020 and restated summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Fiscals 2020 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.

75. Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.

The Indian economy is influenced by economic developments in other countries. These factors could depress economic activity which could have an adverse effect on our business, financial condition and results of operations. Any financial disruption could have an adverse effect on our business and future financial performance.

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 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.

76. 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;
- 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.

77. 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.

78. 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. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in 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.

There are 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.

79. 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.

80. 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.

81. 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.

82. 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 and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure.

Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.

The Government of India has announced the union budget for Fiscal 2021 and the Ministry of Finance has notified the Finance Act, 2020 ("**Finance Act**") on March 27, 2020, pursuant to assent received from the President, and the Finance Act will come into operation with effect from July 1, 2020 There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing 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. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Our Company has not made relevant provisions for the same, as on date. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Further, a draft of the Personal Data Protection Bill, 2019 ("**Bill**") has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. 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 impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

83. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

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

84. 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. Consequently, our business, operations, financial performance 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 neighboring 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;
- 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.

85. 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 authorised through a resolution passed by our Board at its meeting held on August 13, 2020 and by the Shareholders in the Annual General Meeting dated December 07, 2020 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 225 of this Draft Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Upto [●] Equity Shares
Rights Entitlement	Upto [●] 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*	₹ 05/-
Issue Price per Rights Equity Shares	₹ [●]/-
Issue Size	Upto ₹ [●] Equity Shares of face value of ₹ 05 each for cash at a price of ₹ [●] (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of ₹ 10,000 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	3,15,08,538 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto [●] 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:** INE186H01022 **BSE:** 532674 **NSE:** BASML
Use of Issue Proceeds	For details please refer to the chapter titled "*Objects of the Issue*" on page 69 of this Draft Letter of Offer.
Terms of the Issue	For details please refer to the chapter titled "*Terms of the Issue*" on page 225 of this Draft Letter of Offer.

** Pursuant to a resolution passed by our Shareholders at the AGM dated December 07, 2020, the Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 05 each. The said sub-division has been approved by BSE vide its notice dated February 09,2021 and by NSE vide its circular dated February 02, 2021.*

Please refer to the chapter titled "*Terms of the Issue*" on page 225 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	[●]

Event	Indicative Date
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 incorporated as '*Shiva Textiles (CBT) Limited*' on July 10, 1989 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu, Madras and consequently a certificate of incorporation dated July 10, 1989 and a certificate of commencement of business dated September 14, 1989 was issued to our Company. The name of our Company was changed to "*Bannari Amman Spinning Mills Limited*", pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated September 30, 1991 and a fresh certificate of incorporation dated October 11, 1991, consequent to such name change was issued to our Company by the Registrar of Companies, Tamil Nadu, Coimbatore. The corporate identification number of our Company is L17111TZ1989PLC002476.

Registered Office of our Company

Bannari Amman Spinning Mills Limited
252, Mettupalayam Road,
Coimbatore - 641 043,
Tamil Nadu, India.
Telephone: +91 422 243 5555
Facsimile: N.A.
E-mail: shares@bannarimills.com
Website: www.bannarimills.com
Registration Number: 18-17665 of 1989
CIN: L17111TZ1989PLC002476

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
Sangampalayam Vedanayagam Arumugam	72	Chairman and Managing Director	69/1-2, Bharathi Park, Cross Road No. 7, Saibaba Mission Colony, Coimbatore – 641 011, Tamil Nadu, India.	00002458
Sennimalai Gounder Palaniswami	77	Independent Director	Door Number 08, Alamu Nagar, Sathy Road, Coimbatore - 641 012, Tamil Nadu, India.	00007901
Kodumudi Narayanaswami Venkata Ramani	89	Independent Director	154, Kalidas Road, Ramnagar, Coimbatore- 641 009, Tamil Nadu, India.	00007931
Dr. Kugalur Ramasamy Thillainathan	67	Independent Director	Door Number 15/11, Pavadi Street, Thottam, Kugalur Post, Gobichettipalayam, Erode - 638 313, Tamil Nadu, India	00009400
Kulandai Samy Gounder Sadhasivam	73	Independent Director	72, Kilakku Colony Attayampalayam, Gangapuram Post Chittodu (Via), Erode - 638 102, Tamil Nadu, India.	00610037

Name	Age	Designation	Address	DIN
Shanmugavelayutham Sihamani	67	Independent Director	Flat 1-F, Block B1, Sunny Side Apartments, Ramlakshman Nagar, Coimbatore - 641 028, Tamil Nadu, India.	06945399

For detailed profile of our Directors, please refer to the chapter titled "*Our Management*" on page 108 of this Draft Letter of Offer.

Chief Financial Officer

Srinivasan Seshadri, is the Chief Financial Officer of our Company. His contact details are set forth hereunder.

252, Mettupalayam Road,
Coimbatore - 641 043,
Tamil Nadu, India.
Telephone: +91 422 243 5555
E-mail: seshadri@bannarimills.com

Company Secretary and Compliance Officer

Nachimuthugounder Krishnaraj, Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder.

252, Mettupalayam Road,
Coimbatore - 641 043,
Tamil Nadu, India.
Telephone: +91 422 243 5555
E-mail: krishnaraj@bannarimills.com

Details of Key Intermediaries pertaining to this Issue of our Company:

Lead Manager to the Issue

Saffron Capital Advisors Private Limited
605, Center Point, 6th floor,
Andheri Kurla Road, J. B. Nagar,
Andheri (East), Mumbai - 400 059,
Maharashtra, India.
Telephone: +91 22 4082 0914/915
Facsimile: +91 22 4082 0999
E-mail: rights.issue@saffronadvisor.com
Website: www.saffronadvisor.com
Investor grievance: investorgrievance@saffronadvisor.com
Contact Person: Amit Wagle / Gaurav Khandelwal
SEBI Registration Number: INM000011211

Registrar to the Issue

Link Intime India Private Limited
C – 101, 1st Floor, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083,
Maharashtra, India
Telephone: +91 22 4918 6200
Facsimile: +91 22 4918 6195
E-mail: bannari.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Sumeet Deshpande
Investor grievance: bannari.rights@linkintime.co.in
CIN: U67190MH1999PTC118368

SEBI Registration No: INR000004058

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings,
N.G.N. Vaidya Marg, Fort,
Mumbai - 400 023,
Maharashtra, India
Telephone: +91 22 2266 3353
Facsimile: +91 22 2266 3978
Email: sanjay.asher@crawfordbayley.com
Contact Person: Sanjay Asher

Statutory and Peer Review Auditor of our Company

M/s. Deloitte Haskins & Sells LLP,
Chartered Accountants
7th Floor, Times Square, Door no. 62,
A.T.T. Colony Road, Coimbatore – 641 018,
Tamil Nadu, India.
Telephone: +91 0422 664 6500
Email: mbalaji@deloitte.com
Contact Person: Balaji M N
Membership No.: 202094
Firm Registration No.: 117366W/W-100018
Peer Review Certificate No.: 009919

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

Saffron Capital Advisors Private Limited being the sole Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence a statement of inter se allocation of responsibilities is not required.

Expert Opinion

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

Our Company has received written consent dated April 26, 2021 from the Statutory Auditors to include their 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 March 19, 2021 on our Restated Consolidated Financial Information for the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018; (ii) limited review report dated February 12, 2021 on the unaudited consolidated financial statements for the nine month period ended December 31, 2020 and December 31, 2019; and (iii) statement of tax

benefits dated April 09, 2021 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 Company Secretary 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 Company Secretary 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, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process or R-WAP.

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.

Filing

A copy of this DLOF has been filed with the Securities Exchange Board of India, Southern Regional Office situated at Overseas Towers, 7th Floor, 756 – L, Anna Salai, Chennai – 600 002, Tamil Nadu, India and simultaneously through the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with SEBI circular dated January 19, 2018 bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011. This DLOF will also be filed with BSE and NSE, where the Rights Equity Shares are proposed to be listed.

Changes in Auditors during the last three years

There has not been any change in the Statutory Auditor of our Company in last three years.

Underwriting Agreement

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

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.

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:

S. No.	Particulars	Amount (in ₹ Lakhs, except share data)	
		Aggregate value at nominal value	Aggregate value at Issue Price
A.	**Authorised Share Capital**		
	10,00,00,000 Equity Shares of face value of ₹ 05 each*#	5,000	
B.	**Issued, Subscribed and Paid-Up Share Capital before the Issue**		
	3,15,08,538 Equity Shares of face value of ₹ 05 each#	1,575.43	
C.	**Present Issue in terms of this Draft Letter of Offer**		
	Up to [●] Equity Shares of ₹ 05 each#	[●]	10,000
D.	**Issued, Subscribed and Paid-Up Share Capital after the Issue**		
	[●] Equity Shares of face value of ₹ 05 each#	[●]	
E.	**Securities Premium Account**		
	Before the Issue	7,930.76	
	After the Issue	[●]	

(1)The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated August 13, 2020 and at the Annual General Meeting of the Shareholders held on December 07, 2020.

**Pursuant to a special resolution passed at the Annual General Meeting of the Shareholders held on December 07, 2020, the Authorised Share Capital of our Company has been reclassified and increased from the existing share capital of ₹ 1,650 lakhs divided into 1,60,00,000 Equity Shares of ₹ 10/- each and 50,000 Redeemable Cumulative Preference Shares of ₹ 100/- each to ₹ 5,000 lakhs divided into 10,00,00,000 Equity Shares of Rs.05/- each.*

#Pursuant to a special resolution passed at the Annual General Meeting of the Shareholders held on December 07, 2020, the face value of the Equity Shares of our Company has been sub-divided from 01 (one) Equity Share of face value of ₹ 10/- each into Equity Shares of ₹ 05/- (five) each fully paid up, resulting in issuance of 02 (two) Equity Shares of Rs. 05/- (five) each, fully paid up. The said sub-division has been approved by BSE vide its notice dated February 09, 2021 and by NSE vide its circular dated February 02, 2021.

NOTES TO CAPITAL STRUCTURE

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

   Our Promoters and Promoter Group have, *vide* their letters (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.

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

3. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges:

(i) The summary statement of the shareholding pattern of our Company as on March 31, 2021 is as follows:

The table below represents the summary statement of the shareholding pattern of our Company as on March 31, 2021:

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (++VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities No. (a)	No. of locked-in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								Class (Equity)	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter and Promoter Group	02*	1,75,02,500	-	-	1,75,02,500	55.55	1,75,02,500	1,75,02,500	55.55	-	-	-	-	-	-	1,75,02,500
(B)	Public	7,859	1,40,06,038	-	-	1,40,06,038	44.45	1,40,06,038	1,40,06,038	44.45	-	-	-	-	-	-	1,40,06,026
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**7,861**	**3,15,08,538**	**-**	**-**	**3,15,08,538**	**100.00**	**3,15,08,538**	**3,15,08,538**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**3,15,08,526**

**Sakthi Murugan Transports Private Limited has transferred its complete shareholding aggregating to 4.95% to Murugan Enterprise Private Limited, therefore has not been disclosed in the above table. However, Sakthi Murugan Transports Private Limited is still a Promoter of our Company and therefore has been disclosed in the said capacity in this Draft Letter of Offer.*

(ii) The statement of the shareholding pattern of our Company as on March 31, 2021 is as follows:

Category of Shareholder	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
(A) Promoter & Promoter Group	02*	1,75,02,500	1,75,02,500	55.55	1,75,02,500	55.55	1,75,02,500
(B) Public	7,859	1,40,06,038	1,40,06,038	44.45	1,40,06,038	44.45	1,40,06,026
Grand Total	**7,861**	**3,15,08,538**	**3,15,08,538**	**100.00**	**3,15,08,538**	**100.00**	**3,15,08,526**

**Sakthi Murugan Transports Private Limited has transferred its complete shareholding aggregating to 4.95% to Murugan Enterprise Private Limited, therefore has not been disclosed in the above table. However, Sakthi Murugan Transports Private Limited is still a Promoter of our Company, therefore has been disclosed in the said capacity in this Draft Letter of Offer.*

(iii) Statement showing holding securities of persons belonging to the category "Promoters and Promoter Group" as at March 31, 2021:

Category of Shareholder	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
A1) Indian							
a. Individuals/ Hindu undivided family	01	3,36,034	3,36,034	1.07	3,36,034	1.07	3,36,034
Arumugam S V	01	3,36,034	3,36,034	1.07	3,36,034	1.07	3,36,034
b. Body corporates*	01	1,71,66,466	1,71,66,466	54.48	1,71,66,466	54.48	1,71,66,466
Murugan Enterprise Private Limited	01	1,71,66,466	1,71,66,466	54.48	1,71,66,466	54.48	1,71,66,466
Sakthi Murugan Transports Private Limited	-	0.00	0.00	0.00	0.00	0.00	0.00
Sub- total of A1	02	1,75,02,500	1,75,02,500	55.55	1,75,02,500	55.55	1,75,02,500
A2) Foreign							
Sub-total of A2	**00**	**00**	**00**	**00**	**00**	**00**	**00**
A= A1+ A2	**02**	**1,75,02,500**	**1,75,02,500**	**55.55**	**1,75,02,500**	**55.55**	**1,75,02,500**

**Sakthi Murugan Transports Private Limited has transferred its complete shareholding aggregating to 4.95% to Murugan Enterprise Private Limited. However, Sakthi Murugan Transports Private Limited still is a Promoter of our Company, therefore has been disclosed in such capacity in this Draft Letter of Offer.*

(iv) *Statement showing holding of securities of persons belonging to the "Public" category as on March 31, 2021*:

Category of Shareholder	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
B1) Institutions	-	-	-	-	-	-	-
B2) Central Government/ State Government(s) / President of India	-	-	-	-	-	-	-
Central Government/ State Government(s) / President of India	01	400	400	0.00	400	0.00	400
Sub Total B2	01	400	400	0.00	400	0.00	400
B3) Non-Institutions	-	-	-	-	-	-	-
Individual share capital upto Rs. 2 Lacs	7,393	33,78,717	33,78,717	10.72	33,78,717	10.72	33,78,707
Individual share capital in excess of Rs. 2 Lacs	15	33,38,166	33,38,166	10.59	33,38,166	10.59	33,38,166
Anuj Anantrai Sheth	01	13,69,610	13,69,610	4.35	13,69,610	4.35	13,69,610
Any Other	450	72,88,755	72,88,755	23.13	72,88,755	23.13	72,88,753
IEPF	01	13,356	13,356	0.04	13,356	0.04	13,356
Trusts	01	20	20	0.00	20	0.00	20
HUF	280	7,63,295	7,63,295	2.42	7,63,295	2.42	7,63,295
Non-Resident Indian (NRI)	52	1,88,278	1,88,278	0.60	1,88,278	0.60	1,88,278
Clearing Members	31	20,815	20,815	0.07	20,815	0.07	20,815
Bodies Corporate	85	63,02,991	63,02,991	20.00	63,02,991	20.00	63,02,989
Gagandeep Credit Capital Pvt Ltd	01	19,74,950	19,74,950	6.27	19,74,950	6.27	19,74,950
Prescient Wealth Management Private Limited	01	13,62,000	13,62,000	4.32	13,62,000	4.32	13,62,000
Purvaj Advisors Private Limited	01	9,78,951	9,78,951	3.11	9,78,951	3.11	9,78,951
Shamyak Investment Private Limited	01	9,00,000	9,00,000	2.86	9,00,000	2.86	9,00,000
Hirak Leasing And Investments Pvt Ltd	01	4,70,000	4,70,000	1.49	4,70,000	1.49	4,70,000
Sub-total B3	**7,858**	**1,40,05,638**	**1,40,05,638**	**44.45**	**1,40,05,638**	**44.45**	**1,40,05,626**

Category of Shareholder	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
B= B1+B2+B3	**7,859**	**1,40,06,038**	**1,40,06,038**	**44.45**	**1,40,06,038**	**44.45**	**1,40,06,026**

(v) 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:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Murugan Enterprise Private Limited	1,71,66,466	54.48
2.	Gagandeep Credit Capital Private Limited	19,74,950	6.27
3.	Anuj Anantrai Sheth	13,69,610	4.35
4.	Prescient Wealth Management Private Limited	13,62,000	4.32
5.	Purvaj Advisors Private Limited	9,78,951	3.11
6.	Shamyak Investment Private Limited	9,00,000	2.86
7.	Hirak Leasing and Investments Private Limited	4,70,000	1.49
8.	Sangampalayam Vedanayagam Arumugam	3,36,034	1.07
	Total	**2,45,58,011**	**77.95**

(vi) 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 otherwise encumbered.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Part repayment or prepayment of Inter-Corporate Deposits availed by our Company from Murugan Enterprise Private Limited, one of the Promoters of our Company; and
2. Part repayment/ Pre-payment of certain secured loans availed from lenders.

(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 abovementioned 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	10,000.00
Less: Issue related expenses	[●]
Net Proceeds from the Issue	[●]

Requirement of Funds

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

(₹ in lakhs)

Particulars	Amount
Part repayment or prepayment of Inter-Corporate Deposits availed by our Company from Murugan Enterprise Private Limited, one of the Promoters of our Company	3,900.00
Part repayment/ Pre-payment of certain secured loans availed from lenders	5,900.00
Issue related expenses	[●]
Gross proceeds from the Issue	**10,000.00**

Means of Finance

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

Utilization of Net Proceeds

Our Company intends to utilize the Net Proceeds for the following objects:

(₹ in lakhs)

Sr. No.	Particulars	Estimated Amount to be Utilised
1.	Part repayment or prepayment of Inter-Corporate Deposits availed by our Company from Murugan Enterprise Private Limited, one of the Promoters of our Company	3,900.00
2.	Part repayment/ Pre-payment of certain secured loans availed from lenders	5,900.00
	TOTAL	**9,800.00**

**To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges.*

Schedule of Implementation and Deployment of Funds

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

2021-22.

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 Inter-Corporate Deposits ("ICDs") availed by our Company from Murugan Enterprise Private Limited, one of the Promoters of our Company***

Our Company has availed ICDs from Murugan Enterprise Private Limited, one of the Promoters of our Company. Our Company intends to utilize ₹ 3,900 lakhs of the Net Proceeds towards part repayment or prepayment of these ICDs. The ICDs are not recallable by our Corporate Promoter until the expiry of three (03) years from the date of their disbursement. There are no prepayment penalties for prepayment of such ICDs. The following table provides details along with the terms on which the ICDs have been availed by our Company, as on March 31, 2021, which are proposed to be repaid from the Net Proceeds:-

No.	Name of the Entity	Outstanding ICDs as on March 31, 2021 (in Rs. lakhs)	* Purpose of availing ICDs	Interest rate (%) p.a.	Proposed repayment or prepayment from Net Proceeds (₹ in lakhs)
1.	Murugan Enterprise Private Limited	200	Partial repayment of loan and augmentation of working capital requirements	9.00%	200
2.	Murugan Enterprise Private Limited	3,200	Partial repayment of loan and augmentation of working capital requirements	10.00%	3,200
3.	Murugan Enterprise Private Limited	500	Partial repayment of loan and augmentation of working capital requirements	10.00%	500
4.	**Total**	**3,900**			**3,900**

** Our Statutory auditors have provided a report of factual findings dated April 26, 2021 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 ICDs 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 ICDs. In such cases or in case any of the above ICDs are paid or further ICDs 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 ICDs.

Our Promoter and some of the Promoter Group members 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 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. 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 Takeover Regulations is [●].

Interest of Promoters and Directors in the objects of the Issue

Murugan Enterprise Private Limited, our Corporate Promoter has *vide* its letter dated March 31, 2021 confirmed that an amount of ₹ 3,900 lakhs, which has been availed by our Company, in the nature of identified ICDs 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. ***Part repayment/ Pre-payment of certain secured loans availed from lenders***

Our Company proposes to utilise an aggregate amount of ₹ 5,900 lakhs from the Net Proceeds towards full or partial re-payment or prepayment of the secured loans availed by our Company. The selection and extent of loans proposed to be repaid from our Company's loans mentioned below will be based on various commercial considerations including, among others, the costs, expenses and charges relating to the facility including interest rate of the relevant loan, the amount of the loan outstanding, the remaining tenor of the loan, presence of onerous terms and conditions under the facility, levy of any prepayment penalties and the quantum thereof, provisions of any law, rules, regulations governing such borrowings, terms of pre-payment to lenders, if any and mix of credit facilities provided by lenders.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amounts under these loans may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of its existing borrowings prior to allotment. However, the aggregate amount to be utilized from the Net Proceeds towards prepayment or repayment of loans in part or full, would not exceed ₹ 5,900 lakhs. The prepayment or repayment will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favorable debt to equity ratio and enable utilization of our internal accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve our ability to raise further resources at more favorable terms in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

For a complete disclosure of the principal terms and conditions of the loans and assets charged as security for the said loans, please refer to the section titled "*Financial Indebtedness*" on page 194 of this Draft Letter of Offer.

Breakup of Identified Loans proposed to be repaid:

Secured Loans availed from Banks and which are proposed to be repaid, partly or fully are tabulated below

Name of the lender	***Purpose/ type of loan****	***Amount sanctioned (₹ in Lacs)***	***Amount outstanding as on December 31, 2020 (₹ in Lacs)***	***Rate of interest (per annum)%***	***Pre-payment penalty***
Indian Bank	Working Capital	5,200	5,008.70	One year MCLR + Spread 3.15% + 1%	2.3% of the outstanding or drawing limit whichever is higher
Karur Vysya Bank Limited	Working Capital	1,250	980.74	One year MCLR + Spread 1.75%	3 % of the limits
DCB Bank Limited	Working Capital	2,500	2,520.92	6 months MCLR + Spread 0.41%	-
Bank of Maharashtra	Working Capital	1,000	103.85	One year MCLR + Spread 0.25% + 0.25%	As per extant guidelines of the Bank
Bank of Bahrain & Kuwait B.S.C	Working Capital	2,200	1,953.70	WDCL – at rates agreed upon mutually from time to time;	-

Name of the lender	*Purpose/ type of loan**	*Amount sanctioned (₹ in Lacs)*	*Amount outstanding as on December 31, 2020 (₹ in Lacs)*	*Rate of interest (per annum)%*	*Pre-payment penalty*
				OCC - One year MCLR + Spread 2.50%	
Indian Overseas Bank	Working Capital	15,000	7,593.47	OCC- One year MCLR + Spread 0.2% + 2.75% PCFC- at the rate stipulated by the Bank on the due date of disbursement	1.00 % of the prepaid amount
Union Bank of India	Working Capital	7,850	5,403.54	One year MCLR + Spread 2.90%	-
Punjab National Bank	Working Capital	8,400	4,915.28	One year MCLR + Spread 4.50%	2% of the total sanctioned limit
ICICI Bank Limited	Working Capital	6,000	3,799.90	Floating rate of interest charged at the rate stipulated by the at the time of disbursement which shall be sum of MCLR + Spread PCFC- at the rate stipulated by the Bank on the due date of disbursement	0.25% of the Principal amount
Total		**49,400**	**32,280.10**		

** Our Statutory auditors have provided a report of factual findings dated April 26, 2021 in connection with agreed-upon procedures related to the statement of loan availed.*

For a complete disclosure of the principal terms and conditions of the loans and assets charged as security for the said loans, please refer to the section titled "*Financial Indebtedness*" on page 194 of this Draft Letter of Offer.

Our Company may avail further loans after the date of filing of this Draft Letter of Offer. If at the time of utilization of the Net Proceeds, any of the above mentioned loans are repaid in part or full or refinanced or if any additional amounts are drawn down on the working capital borrowing or if the limits under the working capital borrowing are increased, then the Company will utilize the Net Proceeds to pre-pay or repay such refinanced or additional debt, not exceeding ₹ 5,900.00 lakhs.

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* (Rs. In Lakhs)	As a percentage of total expenses*	As a percentage of Issue size*
Fees of the Lead Managers, Bankers to the Issue, 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	[●]	[●]	[●]

Particulars	Amount* (Rs. In Lakhs)	As a percentage of total expenses*	As a percentage of Issue size*
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 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 lakhs, in terms of Regulation 82(1) of the SEBI ICDR Regulations, 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 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 Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the 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 certain ICDs availed by our Company from Murugan Enterprise Private Limited, one of the Promoters of our Company and payments made in the ordinary course of business, there are no material existing or anticipated transactions.

STATEMENT OF TAX BENEFITS

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

To
The Board of Directors
Bannari Amman Spinning Mills Limited
252 Mettupalayam Road, Coimbatore-
641043

Dear Sirs,

Subject: Statement of Possible Special Tax Benefits available to Bannari Amman Spinning Mills Limited ("the Company"), its Material Subsidiary (Namely:-Young Brand Apparel Private Limited) and shareholders of the Company under the direct & indirect tax laws.

We have been requested by the Company to issue a report on the special tax benefits available to the Company, its certain material subsidiaries (as defined under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended) namely **Young Brand Apparel Private Limited** ("**Material Subsidiary**") and its shareholders attached for inclusion in the Letter of Offer in connection with the proposed rights issue of equity shares of the Company (the "**Issue**"). The Statement has been prepared by the management of the Company and stamped by us for identification purpose only.

The statement showing the current position of special tax benefits available to the Company, its Material Subsidiary and the shareholders of the Company as per the provisions of Income- tax Act, 1961 ("**the IT Act**") and the Central Goods And Services Tax Act, 2017/ Integrated Goods And Services Tax Act, 2017 relevant State Goods and Services Tax Act ("**SGST**") read with rules, circulars, and notifications ("**GST law**"), the Customs Act, 1962, Customs Tariff Act, 1975 ("**Customs law**") and Foreign Trade Policy 2015-2020 ("**FTP**") (herein collectively referred as "**Indirect Tax Laws**") as amended by Finance Act, 2020, i.e. applicable for the assessment year AY 2021-22 relevant to the financial year 2020-21 for inclusion in the Letter of Offer ("**LOF**") for the issue of rights shares is annexed herewith.

These possible special tax benefits are dependent on the Company, its Material Subsidiary and the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the corresponding Tax laws. Hence, the ability of the Company, its Material Subsidiaries and the shareholders of the Company to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives, the Company and its Material Subsidiary may face in the future and accordingly, the Company, its Material Subsidiary and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or its Material Subsidiary or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company and its Material Subsidiary. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

i. The Company or its Material Subsidiary or the shareholders of the Company will continue to obtain these benefits in future;
ii. The conditions prescribed for availing the benefits have been/would be met;
iii. The revenue authorities/courts will concur with the views expressed herein

The statement is intended solely for information and the inclusion in the Letter of Offer in connection with the rights issue of equity shares of the Company and is not be used, referredto or distributed for any other purpose,

without our prior consent, provided the below statement of limitation is included in the Offer Letter.

Limitation:

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation,which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company and/or its certain material subsidiaries for any claims, liabilities or expenses relating to this assignmentexcept to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company, its Certain Material Subsidiaries and any other person in respect of this Statement,except as per applicable law.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm Registration Number:
0117366W

Date: April 09, 2021
Place: Coimbatore
UDIN: 21202415AAAAAN4828

Ashlesh Varma CHHV
Partner
Membership No. 202415

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO BANNARI AMMAN SPINNING MILLS LTD ("THE COMPANY"), ITS MATERIAL SUBSIDIARIES AND ITS SHAREHOLDERS

The information provided below sets out the possible special direct tax & indirect tax benefits available to the Company, its material subsidiaries and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company, its Material Subsidiaries and the shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company or its Material Subsidiaries may face in the future and accordingly, the Company, its Material Subsidiaries and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or its certain material subsidiaries or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of thefact 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.

The tax benefits stated below are as per the Income tax Act, 1961 ("**IT Act**") as amended from time to time and applicable for financial year 2020-21 relevant to assessment year 2021- 22 (AY 2021-22) and Indirect Tax Laws as amended from time to time and applicable for financial year 2020-21

I. Under the IT Act

1. Special tax benefits available to the Company and its Subsidiary under the Act

- **Lower corporate tax rate under Section 115BAA**

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ("**the Amendment Act, 2019**") granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) from the Financial year 2019-20, provided such companies do not avail specified exemptions/incentives (e.g. deduction under Section 10AA, 32(1)(iia), 33ABA, 35(2AB), 80-IA etc.)

The Amendment Act, 2019 also provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("**MAT**") under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under Section 115JAA dealing with MAT credit.

The Company is eligible to exercise the above option, but not yet exercised the option for lower corporate tax rate due to availability of MAT credit as on the date of this report. Further, the Material Subsidiary i.e., Young Brand Apparels Private Limited has opted for this lower corporate tax for FY 2019-20.

- **Additional depreciation**

The Company is eligible for claim of additional depreciation at the rate of 20% of the actual cost of specified machinery or plant acquired and installed at their manufacturing plant after 31 March 2005 over and above the normal depreciation. (Section 32 of the Act)

- **Deductions from Gross Total Income**

Section 80IA- Deduction in respect of undertaking/s engaged in power generation.

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80IA of the Act, from the Gross Total Income of an amount equal to hundred percent of the profits and gains derived from eligible undertaking/s , engaged power generation. The benefit period is ten consecutive

assessment years out fifteen assessment years beginning from the year in which the eligible undertaking begins to operate the facility.

The Company is eligible to claim 100% of profit generated from Windmill Unit till FY 2020-21 under section 80IA of the Act.

Section 80 JJAA -Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company and the Material Subsidiaries are entitled to claim deduction, under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Section 80M - Deduction in respect of inter-corporate dividends

A new Section 80M has been inserted by the Finance Act, 2020 w.e.f. April 1, 2020 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company or Material Subsidiaries receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

2. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company.

With respect to a resident corporate shareholder, a new section 80M is inserted in the Finance Act, 2020, to remove the cascading effect of taxes on inter-corporate dividends during financial year 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

NOTES:

- *The above statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.*

- *The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.*

- *The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.*

- *In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.*

- *In respect of lower Corporate Tax rate under section 115BAA, it may be noted that such option for Financial Year 2020-21 is yet to be exercised by the Company which could be done prior to furnishing the tax return of the Company for Financial Year 2020-21. Similarly, the Material Subsidiary Company have chosen the option for the lower Corporate Tax under section 115BAA for FY 2019-20 while filing the Return of Income. The option once exercised cannot be subsequently withdrawn for the same or any other Financial Year.*

- *If the company opts for concessional corporate income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions*:

  - *Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)*
  - *Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)*
  - *Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)*
  - *Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section or subsection (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)*
  - *Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)*
  - *Deduction under section 35CCD (Expenditure on skill development)*
  - *Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;*
  - *No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above*
  - *No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above*

- *This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.*

II. Under the Indirect Tax Laws

1. Special indirect tax benefits available to the Company

The Company avails the following tax benefits :

- Duty Drawback of :

Product	Duty Drawback %
Cotton Yarn	1.90
Cotton Waste	0.15
Woven Fabric	1.50
Knitted Fabric	2.00
Made Ups	2.60

- Merchandise Exports from India Scheme (MEIS) of 2% on Export of Woven Fabric and Knitted Fabric
- Rebate on State Levies (RoSL) Scheme of 8.20% on Export of Made ups.
- Refund of Integrated Goods and Service Tax (IGST) paid on Exports approx.
- 20.75% of the Total Input tax credit availed.
- We are informed that the company is not enjoying any benefits of Free Trade Agreements (FTA) on its imports.

2. Special tax benefits available to Shareholders

The Shareholders of the Company are not entitled to any special tax benefits under indirect tax laws

Notes : The above statement of possible Indirect tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences.

3. Special indirect tax benefits available to Material Subsidiary

The Material Subsidiary avails the following tax benefits:

- Rebate of State & Central Taxes and Levies (RoSCTL) of 4% approx. of Freight on Board (FoB) on Export of Fabrics
- Duty Drawback of 2% approx. of FoB on Export of Fabrics
- Performance Incentives, of 5% on FoB realized, offered by Apparel Export Promotion Council (AEPC)
- Refund of IGST paid on Exports approx. 75% of the Total Input tax credit availed.

NOTES:

1. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

2. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

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

SECTION IV – ABOUT 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. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on information.

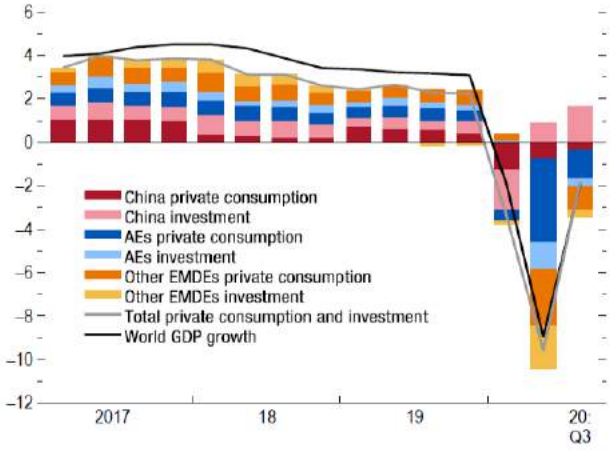
GLOBAL OUTLOOK

Multiple vaccine approvals and the launch of vaccination in some countries in December have raised hopes of an eventual end to the pandemic. Moreover, economic data released after the October 2020 WEO forecast suggest stronger-than-projected momentum on average across regions in the second half of 2020. Despite the high and rising human toll of the pandemic, economic activity appears to be adapting to subdued contact-intensive activity with the passage of time. Finally, additional policy measures announced at the end of 2020—notably in the United States and Japan—are expected to provide further support in 2021–22 to the global economy. These developments indicate a stronger starting point for the 2021–22 global outlook than envisaged in the previous forecast.

However, surging infections in late 2020 (including from new variants of the virus), renewed lockdowns, logistical problems with vaccine distribution, and uncertainty about take-up are important counterpoints to the favorable news. Much remains to be done on the health and economic policy fronts to limit persistent damage from the severe contraction of 2020 and ensure a sustained recovery.

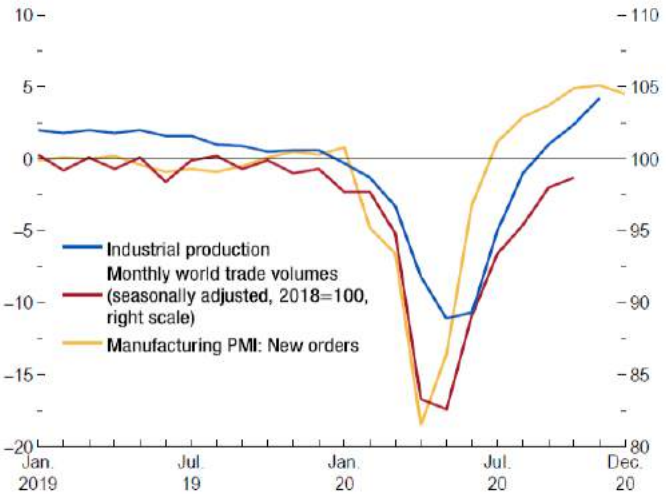
Third quarter GDP outturns mostly surprised on the upside (Australia, euro area, India, Japan, Korea, New Zealand, Turkey, United States) or were in line with expectations elsewhere (China, Mexico). Among components, private consumption rebounded the most. Investment picked up relatively slowly, except in China (Figure 2). The expenditure decompositions suggest a release of pent-up demand and adjustments to telework. Given the largely one-off nature of such spending, it is likely to dissipate once the adjustments are made. High-frequency data suggest some tapering into the fourth quarter of 2020—for example, in new orders, industrial production, and global trade (Figure 3). The US December employment report also showed the first net decline in nonfarm payrolls since April 2020. Moreover, services output remains subdued and is likely to soften further in the coming months with renewed restrictions to combat rising infections.

Figure 2. Contributions of Consumption and Investment to Global GDP Growth
(Percentage points, year over year)



Sources: Haver Analytics; and IMF staff calculations.
Note: Data cover 73.8 percent of global GDP. AEs = advanced economies; EMDEs = emerging market and developing economies; investment = gross fixed capital formation.

Figure 3. Global Activity Indicators
(Three-month moving average, annualized percent change; deviations from 50 for manufacturing PMI, unless noted otherwise)



Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; Markit Economics; and IMF staff calculations.
Note: PMI = purchasing managers' index.

The baseline assumes broad vaccine availability in advanced economies and some emerging market economies in summer 2021 and across most countries by the second half of 2022— an accelerated timeline relative to expectations at the time of the previous forecast. Vaccine rollout speed is assumed to vary across economies based on country-specific factors. Moreover, therapies are expected to gradually become more effective and more accessible worldwide over the course of 2021–22. The baseline also assumes the possibility of lockdowns, including to contain transmission of new variants, before vaccines become widely available.

With growing vaccine availability, improved therapies, testing, and tracing, local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022. Some regions and countries will get to low local transmission sooner than others depending on country-specific circumstances.

The sizable fiscal support announced for 2021 in some countries, including most recently in the United States and Japan, together with the unlocking of Next Generation EU funds, will help lift economic activity among advanced economies with favorable spillovers to trading partners. However, as noted in the January 2021 Fiscal Monitor Update, fiscal deficits in most countries are projected to decline in 2021 as revenues rise and expenditures decline automatically with the recovery.

Major central banks are assumed to maintain their current policy rate settings throughout the forecast horizon to the end of 2022. As a result, financial conditions are expected to remain broadly at current levels for advanced economies while gradually improving for emerging market and developing economies. Within this latter group, differentiation between investment-grade sovereigns (who have been able to issue external debt in large amounts in 2020) and high-yield borrowers (many of whom are constrained in their ability to take on additional debt and until recently have not accessed international markets during the pandemic) is expected to subside as the recovery takes hold. As noted in the January 2021 Global Financial Stability Report Update, markets remain upbeat about prospects for 2021, banking on continued policy support.

Reflecting the projected global recovery, oil prices are expected to rise in 2021 just over 20 percent from the low base for 2020, but will still remain well below their average for 2019. Non-oil commodity prices are also expected to increase with those of metals, in particular, projected to accelerate strongly in 2021.

Table 1. Overview of the *World Economic Outlook* Projections
(Percent change, unless noted otherwise)

	Year over Year						Q4 over Q4 2/		
		Estimate	Projections		Difference from October 2020 WEO Projections 1/		Estimate	Projections	
	2019	2020	2021	2022	2021	2022	2020	2021	2022
World Output	**2.8**	**–3.5**	**5.5**	**4.2**	**0.3**	**0.0**	**–1.4**	**4.2**	**3.7**
Advanced Economies	**1.6**	**–4.9**	**4.3**	**3.1**	**0.4**	**0.2**	**–3.9**	**4.6**	**1.9**
United States	2.2	–3.4	5.1	2.5	2.0	–0.4	–2.1	4.0	2.0
Euro Area	1.3	–7.2	4.2	3.6	–1.0	0.5	–6.8	5.8	2.0
Germany	0.6	–5.4	3.5	3.1	–0.7	0.0	–5.3	5.2	1.7
France	1.5	–9.0	5.5	4.1	–0.5	1.2	–8.2	7.4	2.0
Italy	0.3	–9.2	3.0	3.6	–2.2	1.0	–8.3	4.2	2.3
Spain	2.0	–11.1	5.9	4.7	–1.3	0.2	–9.8	7.1	2.0
Japan	0.3	–5.1	3.1	2.4	0.8	0.7	–2.3	2.7	1.6
United Kingdom	1.4	–10.0	4.5	5.0	–1.4	1.8	–8.3	6.0	1.9
Canada	1.9	–5.5	3.6	4.1	–1.6	0.7	–4.0	3.7	2.7
Other Advanced Economies 3/	1.8	–2.5	3.6	3.1	0.0	0.0	–2.2	4.5	1.9
Emerging Market and Developing Economies	**3.6**	**–2.4**	**6.3**	**5.0**	**0.3**	**–0.1**	**0.9**	**3.7**	**5.4**
Emerging and Developing Asia	5.4	–1.1	8.3	5.9	0.3	–0.4	3.2	3.8	6.4
China	6.0	2.3	8.1	5.6	–0.1	–0.2	6.2	4.2	6.0
India 4/	4.2	–8.0	11.5	6.8	2.7	–1.2	0.6	1.7	7.8
ASEAN-5 5/	4.9	–3.7	5.2	6.0	–1.0	0.3	–3.2	5.2	6.1
Emerging and Developing Europe	2.2	–2.8	4.0	3.9	0.1	0.5	–2.7	4.8	3.0
Russia	1.3	–3.6	3.0	3.9	0.2	1.6	–4.6	5.3	2.6
Latin America and the Caribbean	0.2	–7.4	4.1	2.9	0.5	0.2	–4.8	2.3	2.8
Brazil	1.4	–4.5	3.6	2.6	0.8	0.3	–1.9	1.6	2.6
Mexico	–0.1	–8.5	4.3	2.5	0.8	0.2	–5.4	2.2	2.4
Middle East and Central Asia	1.4	–3.2	3.0	4.2	0.0	0.2	. . .	. . .	. . .
Saudi Arabia	0.3	–3.9	2.6	4.0	–0.5	0.6	–3.1	3.5	4.0
Sub-Saharan Africa	3.2	–2.6	3.2	3.9	0.1	–0.1	. . .	. . .	. . .
Nigeria	2.2	–3.2	1.5	2.5	–0.2	0.0	. . .	. . .	. . .
South Africa	0.2	–7.5	2.8	1.4	–0.2	–0.1	–6.2	2.8	0.6
Memorandum									
Low-Income Developing Countries	5.3	–0.8	5.1	5.5	0.2	0.0	. . .	. . .	. . .
World Growth Based on Market Exchange Rates	2.4	–3.8	5.1	3.8	0.3	0.0	–2.0	4.3	3.1
World Trade Volume (goods and services) 6/	**1.0**	**–9.6**	**8.1**	**6.3**	**–0.2**	**0.9**	. . .	. . .	. . .
Advanced Economies	1.4	–10.1	7.5	6.1	0.4	1.0	. . .	. . .	. . .
Emerging Market and Developing Economies	0.3	–8.9	9.2	6.7	–1.0	0.8	. . .	. . .	. . .
Commodity Prices (US dollars)									
Oil 7/	–10.2	–32.7	21.2	–2.4	9.2	–5.4	–27.6	13.5	–2.2
Nonfuel (average based on world commodity import weights)	0.8	6.7	12.8	–1.5	7.7	–2.0	15.4	2.0	–0.1
Consumer Prices									
Advanced Economies 8/	1.4	0.7	1.3	1.5	–0.3	–0.1	0.5	1.5	1.6
Emerging Market and Developing Economies 9/	5.1	5.0	4.2	4.2	–0.5	–0.1	3.2	3.8	3.7
London Interbank Offered Rate (percent)									
On US Dollar Deposits (six month)	2.3	0.7	0.3	0.4	–0.1	–0.1	. . .	. . .	. . .
On Euro Deposits (three month)	–0.4	–0.4	–0.5	–0.6	0.0	–0.1	. . .	. . .	. . .
On Japanese Yen Deposits (six month)	0.0	0.0	–0.1	–0.1	–0.1	–0.1	. . .	. . .	. . .

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 23–November 20, 2020. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.
1/ Difference based on rounded figures for the current and October 2020 WEO forecasts. Countries whose forecasts have been updated relative to October 2020 WEO forecasts account for 90 percent of world GDP measured at purchasing-power-parity weights.
2/ For World Output, the quarterly estimates and projections account for approximately 90 percent of annual world output at purchasing-power-parity weights. For Emerging Market and Developing Economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' output at purchasing-power-parity weights.
3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.
5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.
6/ Simple average of growth rates for export and import volumes (goods and services).
7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was $41.29 in 2020; the assumed price, based on futures markets (as of January 4, 2021), is $50.03 in 2021 and $48.82 in 2022.
8/ The inflation rate for the euro area is 0.9% in 2021 and 1.2% in 2022, for Japan is –0.1% in 2021 and 0.5% in 2022, and for the United States is 2.1% in 2021 and 2022, respectively.
9/ Excludes Venezuela.

After an estimated 3.5 percent contraction in 2020, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022 (Table 1). The estimate for 2020 is 0.9 percentage point higher than projected in the October WEO forecast. This reflects the stronger than- expected recovery on average across regions in the second half of the year. The 2021 growth forecast is revised up 0.3 percentage point, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infections. The upgrade is particularly large for the advanced economy group, reflecting additional fiscal support—mostly in the United States and Japan—together with expectations of earlier widespread vaccine availability compared to the emerging market and developing economy group.

Consistent with recovery in global activity, global trade volumes are forecast to grow about 8 percent in 2021, before moderating to 6 percent in 2022. Services trade is expected to recover more slowly than merchandise volumes, however, which is consistent with subdued cross-border tourism and business travel until transmission declines everywhere.

Even with the anticipated recovery in 2021–22, output gaps are not expected to close until after 2022. Consistent with persistent negative output gaps, inflation is expected to remain subdued during 2021–22. In advanced economies it is projected to remain generally below central bank targets at 1.5 percent. Among emerging market and developing economies inflation is projected just over 4 percent, which is lower than the historical average of the group.

Aggressive and swift monetary, fiscal, and financial sector policies have helped prevent worse outcomes, as discussed in the October 2020 WEO. In some cases, transfers to households quickly boosted consumer spending—in particular for those with liquidity constraints.1 Transfers to firms, together with credit guarantees and funding-for-lending programs, have prevented bankruptcies that might otherwise have occurred (but also keeping some unviable firms afloat, which could put a drag on overall productivity in the future). IMF staff analysis of a sample of 13 advanced economies spanning 1990 to the COVID crisis finds that bankruptcies have actually fallen during this recession unlike during past recessions (Figure 6). In part, this decline may also reflect moratoria on bankruptcy filings implemented in some countries. As discussed in the October 2020 WEO, efficient corporate bankruptcy frameworks that apportion losses across investors, creditors, and owners will be central to dealing with any backlogs that may arise. Moreover, special out-of-court restructuring frameworks may need to be strengthened (or established) to expedite processing.

Building on these successes, policies should ensure effective support until a vaccine-powered normalization of activity is underway and limit persistent damage from the deep recession of the past year. Policies to support the economy in the near term should also advance medium-term objectives of placing economies on paths of resilient and equitable growth. Initiatives that raise potential output, protect the vulnerable, ensure participatory growth that benefits all, and accelerate the needed transition to lower carbon dependence can help in this regard.

The main priority remains ensuring that health care systems are adequately resourced everywhere to beat back the pandemic globally. This means securing adequate funding for vaccine purchases and distribution, testing, therapies, personal protective equipment, and investment in health care facilities. Assistance from the international community through know-how and equipment for those with low health-care system capacity remains vital. The international community should also work closely to accelerate access to vaccines for all countries, including by bolstering funding for the COVAX facility, and by ensuring universal distribution of vaccines.

Public health efforts should continue to be reinforced with well-designed economic policies tailored to the stage of the pandemic. Where local transmission remains high, and it is essential to slow down face-to-face interactions, lifelines should be maintained, including transfers to displaced workers and to otherwise viable firms that experience revenue losses. Where local transmission has been low and activity has begun to normalize, lifelines can be gradually rolled back by making their parameters less generous over time (for instance, under short-time work programs, a reduced government share of wages for unworked hours, complemented with hiring subsidies). Moreover, in those countries, broader stimulus should be deployed to support the recovery as needed. Priority areas include education spending to remedy the setback to human capital accumulation, digitalization to boost productivity growth, and green investment to enhance reliance on renewables and increase energy conservation. As noted in the October 2020 WEO, a green investment push coupled with initially moderate but steadily rising carbon prices would yield needed emissions reductions while supporting the recovery from the pandemic recession.

These efforts can be complemented with investment in retraining and reskilling programs to improve reemployment prospects for displaced workers, strengthening social assistance as needed (for example, conditional cash transfers and medical payments for low-income households), and expanding social insurance (relaxing eligibility criteria for unemployment benefits, extending the coverage of paid family and sick leave)—all of which would help address the uneven labor market impact of the crisis and curb rising inequality.

(Source: https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update)

Global Financial Stability Update

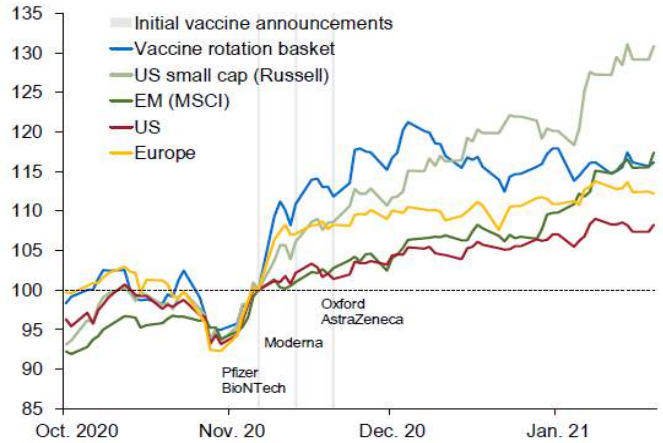
A Policy Bridge to the Vaccine

Financial markets have looked beyond the global resurgence of COVID-19 cases.
Announcements and rollout of vaccines have boosted hopes of a global economic recovery in 2021 and pushed risk asset prices higher. The speed of the recovery will depend crucially on production, distribution networks, and access to vaccines. As discussed in the January 2021 *World Economic Outlook* (WEO) *Update*, continued monetary and fiscal support remain vital to lessen lingering uncertainties, build a bridge to the recovery, and ensure financial stability.

Risks to the baseline could threaten financial stability in some sectors and regions.
A delay in the recovery would require prolonged accommodation, further fueling financial vulnerabilities. Uneven vaccine distribution and asynchronous recovery could imperil capital flows to emerging market economies, especially if advanced economies were to begin to normalize policy, and some countries could face daunting challenges. An asset price correction, should investors suddenly reassess growth prospects or the policy outlook, could interact with elevated vulnerabilities, creating knock-on effects on confidence and jeopardizing macro-financial stability.

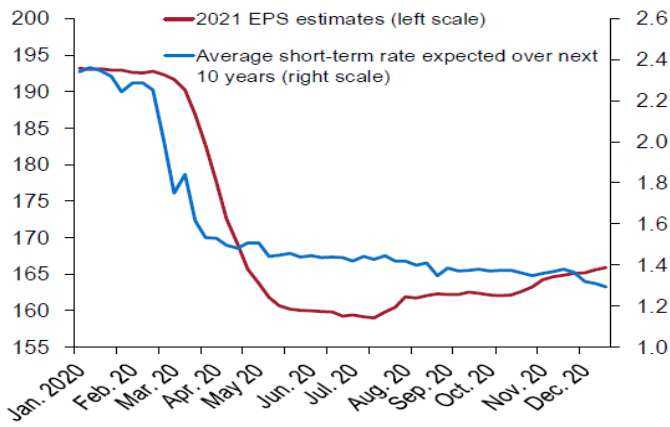
Finally, Some Good News
Announcements of earlier-than-anticipated effective COVID-19 vaccines have boosted market sentiment and paved the way for the global economic recovery. Industries such as airlines, hospitality, and consumer services rebounded in late 2020 as investors rotated into these previously battered sectors in search of value (Figure 1). Stock prices of smaller firms, including in clean energy, also benefitted. In advanced economies, investment-grade and high-yield corporate bond spreads have tightened sharply— close to or even below pre-February 2020 levels— while rates have reached record lows, as investors continue to reach for yield. Spreads of emerging market sovereign debt have exhibited a similar compression dynamic.

Figure 1. Equity Market Performance
(Index; November 6, 2020 = 100)



Sources: Bloomberg Finance L.P.; and IMF staff calculations.
Note: Vaccine rotation basket is an equal weighted index of US hotels and real estate and world airline equities. EM = emerging markets.

Figure 2. US Earnings Revisions and Rate Expectations
(US dollars a share, left scale; percent, right scale)



Source: IMF staff calculations.
Note: Earnings per share (EPS) based on Thomson Reuters Datastream IBES for the S&P 500; average expected short-term rates derived from Treasury bonds and Adrian, Crump, and Moench model.

Financial markets have shrugged off the most recent softening in economic activity.
The surge of COVID-19 infections and associated stringency measures since late 2020 have adversely affected economic activity in many countries, pointing to a possible slowdown in the fourth quarter (see the January 2021 WEO *Update*). Yet, despite persistent uncertainties surrounding the economic outlook, investors appear to remain confident about growth prospects in 2021, betting that continued policy support will offset any possible near-term disappointment. The much discussed disconnect between financial markets and the economy persists. Despite the recent rise in US long-end rates, market participants point to expectations of very low rates over coming years and upward revisions in earnings expectations since the vaccine announcements as justification for the market rally (Figure 2).

Vaccine access is likely to be uneven, and equitable distribution may take time.
Many advanced economies, such as Canada, some European Union countries, the United Kingdom, and the United States, have prepurchased vaccines. *(Sources: Bloomberg Finance L.P.; and IMF staff calculations.)*

Ongoing policy support remains necessary until a sustainable recovery takes hold to prevent the pandemic crisis from posing a threat to the global financial system. The global community should strive for multilateral cooperation in equitable vaccine development and delivery across the world to ensure an even and complete economic recovery. Policymakers should safeguard the progress made so far and build on the rollout of vaccines to return to sustainable growth. A bridge to the point where vaccines are widely available requires preserving

monetary policy accommodation, ensuring liquidity support to households and firms, and keeping financial risks at bay.3 Underdelivering on policy action risks jeopardizing the recovery, and the IMF and other multilateral institutions stand ready to provider further support should further downside risks materialize.

However, policymakers should also be cognizant of the risks of a market correction should investors suddenly reassess growth prospects or the policy outlook. With the recovery still nascent, and inflation still expected to be subdued, monetary policy is anticipated to remain accommodative for years to come. Asset valuations appear to be stretched in several markets. A sense of complacency permeating financial markets as investors seem to bet on a persistent policy backstop and uniform market views raise the risk of a price correction. A sudden sharp tightening of financial conditions from current very low levels—for example, as a result of a persistent increase in longterm interest rates—could be particularly pernicious should such tightening interact with financial vulnerabilities.

Financial stability risks are in check so far, but action is needed to address financial vulnerabilities exposed by the crisis.
Policymakers face an intertemporal policy trade-off between continuing to support the recovery until sustainable growth takes hold and addressing financial vulnerabilities that were evident before the pandemic or have emerged since it began. These include rising corporate debt, fragilities in the nonbank financial institutions sector, increasing sovereign debt, market access challenges for some developing economies, and declining profitability in some banking systems. Employing macroprudential policies to tackle these vulnerabilities is crucial to avoid putting growth at risk in the medium term.

*(*Source*:https://www.imf.org/en/Publications/GFSR/Issues/2021/01/27/global-financial-stability-report-january-2021-update)*

INDIAN ECONOMY OVERVIEW

In October–November 2020, sustained increase in high-frequency indicators and anticipated V-shaped recovery fuelled the optimistic outlook for the third quarter of FY21. Timely announcement of the third instalment of the Atmanirbhar Bharat package—with multisector emphasis on the labour market, industries, social welfare, manufacturing, housing, infrastructure, exports and agriculture—is also an important step towards faster economic recovery and new employment opportunities.

Development in fixed investment, along with a steady rise in private consumption and significant contribution from net exports, contributed to the Indian economy's recovery in the second quarter of FY21. The growth is largely contributed by the agriculture sector, followed by construction and manufacturing, as well as the services sector, primarily through logistics and communication.

Among all key growth generators, the agriculture construction sector has contributed positively to the overall Gross Value Added (GVA) in both quarters of 2020-21. As of November 27, 2020, the total rabi agricultural land stood at 348.24 lakh hectares—4.02% higher than the previous year. The rabi pulse area has increased by 43.3%, which augurs well for production of pulses in 2020-21. 90% of the full reservoir level (FRL) was live storage in major reservoirs used for agricultural benefits, higher than the decadal average of 76%. Increasing sales of tractors indicate healthy production of kharif and prospect of strong rabi sowing. In November 2020, the demand for employment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) increased by 47.2% YoY. Under the Pradhan Mantri Garib Kalyan Rozgar Yojana, additional distribution of Rs. 10,000 crore (US$ 1.36 billion) would boost employment development and income in the rural sector. Market indicators are gaining traction as passenger vehicle sales of two and three wheelers surpassed the previous year's record by a strong margin in October 2020. Improvement of November 2020 registrations over the previous months remains promising. Motor vehicle registrations reported a relatively positive YoY growth rate.

In November 2020, Manufacturing Purchasing Managers' Index (PMI) in India stood at 56.3 and remained in the expansionary period consistently. Expansion has been reported in all three large areas of the manufacturing industry, with growth led by consumer goods; this was driven by softening of COVID-19 limitations, along with improving market conditions and demand.

Power consumption increased by 3.5% in November 2020, indicating sustained improvements in business and industrial activities. Since mid-August 2020, the e-way bills produced have improved significantly—recorded

YoY growth of 21.4% in October 2020 and 5.9% in November 2020. The number of inter- and intra-state e-way bills produced in October–November 2020 has also exceeded the previous year's corresponding levels.

A strong leading indicator of revenue collection, supply chain improvements and logistics growth, and persistent improvement in e-way bills produced augurs well for faster economic recovery. This is evident from GST collections recording Rs. 1.05 lakh crore (US$ 14 billion) in October and November 2020, recording 10% and 1.4% YoY growth, respectively.

In November 2020, rail freight traffic witnessed a 9.0% increase over the corresponding previous- year level, with improvements in key commodity categories—food grains, domestic coal for steel and thermal power plants, pig iron and finished steel, iron-ore for exports, clinker cement and domestic containers. From November 1st to 20th, 2020, gross revenue from railway passenger bookings stood at Rs. 1,038.68 crore (US$ 141.16 million) due to easing of inter-state movement restrictions, which corresponds to 34% of the previous year levels.

As of November 30, 2020, the Indian basket of crude oil reached US$ 47.05 a barrel compared with average crude oil prices of US$ 40.8 a barrel in October 2020, indicating optimistic oil market sentiment with rising economic activity and Covid-19 vaccine prospects.

The re-establishment of economic activity and transition of consumers to digital payments have driven growth for retail financial transactions through the NPCI network. UPI payment transactions in November 2020 reached an all-time high of Rs. 3.91 lakh crore (US$ 53 billion) in value and 221 crore in volume. Foreign Direct Investment (FDI) remains a significant engine of economic growth and a key source of India's non-debt financing. Total FDI inflow stood at a record high of US$ 39.93 billion between April 2020 and September 2020, a 10.8% increase over US$ 36.05 billion FDI in the first six months of 2019-20, supporting India's position as a favoured global investor destination. The Indian equity market has witnessed strong sentiments among investors, with FPI inflow touching a historic high of US$ 8.5 billion in November 2020. Overall issuance of corporate bonds amounted to Rs. 4.43 lakh crore (US$ 60 billion) in the first half of FY21, a 25% increase over Rs. 3.54 lakh crore (US$ 48 billion) in the same period last year. GSecs' narrowing spread indicates the enhanced risk appetite of corporate bonds. In addition, due to monetary easing and liquidity injection by the RBI, the cost of funds moderated for both the government and the corporates, thereby reducing yields in various sections of the debt markets.

Constant declines in the MCLR (Marginal Cost of Funds-based Lending Rate), savings and term deposit rates and enhanced liquidity have boosted monetary policy transmission. Effective Weighted Average Commercial paper yield and deposit certificate rates have dropped below the repo rate and are now also closing at the reverse repo rate. The Emergency Credit Line Guarantee Scheme (ECLGS) continues to facilitate comprehensive disbursement of credit to (Micro, Small & Medium Enterprises).

The central government has taken significant measures to actively support faster economic growth of state governments. The Centre, as part of the AatmaNirbhar Bharat Package, has increased the borrowing cap for states from 3% to 5% of the GSDP for FY21. As of November 22, 2020, state governments have collected Rs. 4.73 lakh crore (US$ 64 billion) as gross market borrowings in FY21, a 50% increase than the gross borrowings of states for the same period in FY20.

In November 2020, purchases of RBI dollars in the foreign exchange market continue to keep the rupee largely bound at 73.8-74.7 Rs./US$. As of November 20, 2020, India's foreign exchange reserves stood at US$ 575.29 billion and reserve money growth increased to 16.2% over 13.1% on October 30, 2020, supported by a pick-up in currency circulation and net foreign exchange reserves.
Note: *Conversion rate used for December 2020 is Rs. 1 = US$ 0.014*
(Source: https://www.ibef.org/economy/monthly-economic-report)

India's GDP staged a resilient V-shaped recovery in Q2:2020-21 suggesting that the resumption of economic activity has been gathering pace. India's GDP growth rose to (-)7.5 percent YoY in Q2, a sharp rebound from the lockdown-induced decline of (-)23.9 percent in Q1. This is in line with the experience of various economies globally. With the scaling back of lockdowns in May and June, which helped to break the chain of the spread, most economies rebounded from their troughs, posting sharp narrowing in contractions of quarterly growth amid lifting of the containment measures and pick up in business and consumer confidence (Table 1).

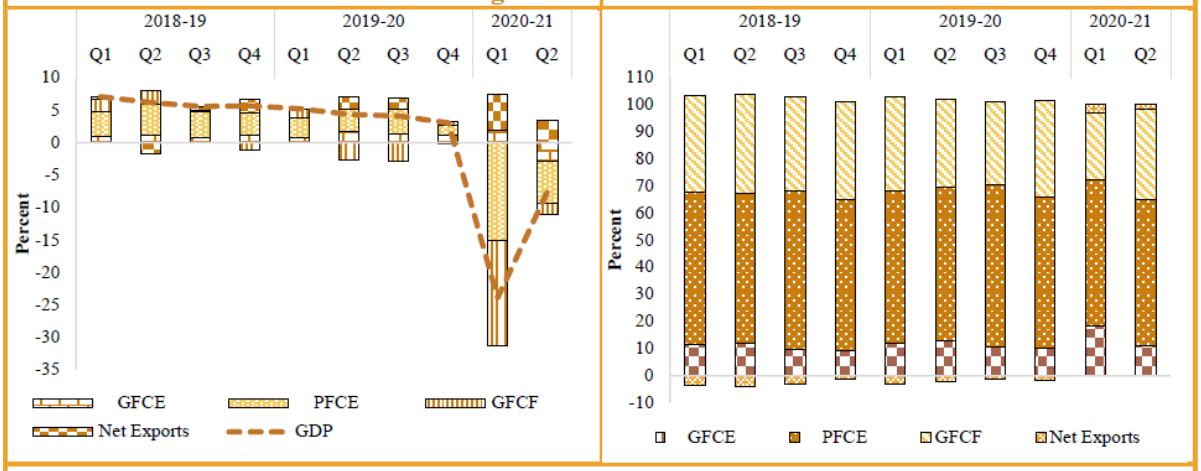
Table 1: GDP Growth (YoY) in Q2 and Q3 of FY 2020-21

G-20 Advanced Economies		
Canada	-12.5	-5.2
France	-18.9	-3.9
Germany	-11.2	-4
Italy	-18	-5
Japan	-10.3	-5.9
Spain	-21.5	-8.7
United Kingdom	-21.5	-9.6
United States	-9	-2.9
G-20 Emerging Markets		
Brazil	-11.4	-
China	3.2	4.9
India	-23.9	-7.5
Indonesia	-5.4	-3.6
Mexico	-18.7	-8.6
Russia	-5.6	-
South Africa	-17.2	-
Turkey	-8.5	5.4

Source: OECD, MOSPI (for India)

On the demand side, consumption and investment accounting for more than 90 percent of overall GDP have staged recoveries. The fixed investment growth sharply rebounded to (-)7.3 percent YoY in Q2 from (-)47.1 percent in Q1 – indicating a pickup of construction projects (Figure 1). Change in stocks has turned positive – probably due to stocking of higher inventories due to anticipated festive season after Q2. Private consumption recovered to (-)11.3 percent in Q2 YoY vs (-)26.7 percent in Q1. Government spending contracted by a (-)22.2 percent YoY in Q2 vs +16.4 percent in Q1 – reflecting the effort to consolidate the fiscal situation given fall in revenues. The enhanced Government spending in Q1, was imperative at that time, given the uncertainty of the lockdown and has supported the recovery in various segments in Q2. Netexports contributed a sizeable 3.4 percentage points (pp) contribution to GDP growth, compared with 5.5 pp in Q1 due to muted growth in imports and lower oil prices.

Figure 1: Quarterly Trends in India's GDP Growth



Source: MOSPI

Spread of COVID relatively manageable though some States show a sharp increase

The number of confirmed cases of COVID-19 globally now exceeds 6.4 crore with more than 14.9 lakh deaths. There has been a resurgence of new cases with daily cases varying between 5- 6 lakh per day, with concentration in United States, Brazil and India. Many European countries responded to the resurgence of fresh cases by imposing partial, shifting and focused lockdowns of 'hot-spots'. Though concerns over the pandemic remain, the positive news on the vaccine front has raised hopes of a global economic recovery With India reporting a relative decline in daily COVID-19 cases and improved recoveries, India's global position in number of active COVID cases moved from second to seventh after US, France, Italy, Belgium, Brazil and Russia as on 30th November. The festive season led rebound in mobility and consumption contributed to a rise in fresh cases in November. The 7-day average of daily growth in active cases increased in November to -0.7 per cent as on 30th

November as compared to -1.8 per cent as on 31st October (Figure 3). The trend in the daily new cases in India first rose to a peak, then decreased and is now flat — this is similar to the trends seen in the US (witnessing its third wave), the United Kingdom (seems to be near the peak of its second wave), Russia and Italy (both are seeing much stronger second waves). The encouraging parameters, however, were that the recovery rate continues to improve to ~94 per cent as on 30th November vis-à-vis 83.3 percent as on 31st October. Case fatality rate continues to decline to 1.48 per cent as on 31st October as compared to 1.57 per cent as on 30th September.

According to the latest IMF World Economic Outlook, global growth is projected at (-)4.4 percent in 2020, less severe contraction than forecasted in summer. Revision reflected better-than anticipated second quarter GDP outturns, mostly in advanced economies as well as stronger recovery in the third quarter. Economic output is expected to expand by 5.2 percent in 2021, though large uncertainty related to pandemic path and associated economic activity disruption pose downside risk to the growth trajectory (Table 2).

Table 2: Growth projections by IMF, World Economic Outlook- October, 202

Regions/Countries	2020	2021
World	–4.4	5.2
Advanced Economies	–5.8	3.9
United States	–4.3	3.1
Euro Area	-8.3	5.2
Japan	-5.3	2.3
Emerging Market and Developing Economies	–3.3	6.0
India	-10.3	8.8

The GDP contraction in India by 23.9 percent in Q1:2020-21 can be attributed to the stringent lockdown - in alignment with the predictions of global growth in the event of an exogenous unprecedented shock. There were no fundamental or structural factors responsible for the contraction. A V-shaped recovery in Q2: 2020-21 was, therefore, expected once unlocking started. The sustained improvement in high frequency indicators in October and November ignite optimism of an improved performance in Q3:2020-21 (Figure 60). The timely announcement of the third tranche of the Atmanirbhar Bharat package on the eve of Diwali with a multi-sector focus across the labour market, stressed sectors, social welfare, manufacturing, housing, infrastructure, exports and agriculture, is also a significant step towards faster revival of the economy, restoration of lost jobs and creation of new ones.

The downside risk, however, remains the spread of a second wave of COVID-19. However, there is a growing cautious optimism that the steep plunges of April-June quarter of 2020 may not resurface with significant progress in vaccines and contact intensive sectors increasingly adapting to a virtual normal. The need of the hour, as stressed by fresh guidelines of Ministry of Home Affairs, is to follow covid-appropriate behaviour and earnest observation of laid down standard operating guidelines (SOPs). The prospects of a vaccine are encouraging but we need to remain on guard till it is approved and permeates to a large section of the population.

(Source: https://www.ibef.org/download/MER_03122020.pdf)

INDIAN TEXTILES INDUSTRY

Introduction

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/ hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce wide variety of products suitable for different market segments, both within India and across the world.

The textile and apparel industry plays an important role in the overall social and economic development of the country. The textile and apparel industry contributed 2 per cent in the overall GDP and 11 per cent of total manufacturing GVA in FY20 and provided total direct and indirect employment of about 10.5 crore people. The sector is the second-largest employment generator in the country, next only to agriculture. Most important with a major part of this workforce being women, it plays a vital role in women empowerment and in the overall

social development of the country. The GoI is implementing several schemes cutting across sectors such as the Amended Technology Upgradation Fund Scheme (ATUFS), Scheme for Integrated textiles park (SITP) and a scheme called Samarth. ATUFS, is a revised version of TUFS and has the objective to modernize and upgrade the technology of the Indian textile industry. SITP is for providing world class infrastructure facilities. Of the 56 textile parks which were sanctioned under SITP, 23 have been completed so far. Samarth focusses on capacity building in the textile sector. In addition, other schemes specific to silk, jute, wool, handloom and handicraft sectors are also being implemented.

The Indian textile industry is one of the largest in the world with a large unmatched raw material base and manufacturing strength across the value chain. It is the 2nd largest manufacturer and exporter in the world, after China. The share of textile and clothing in India's total exports stands at a significant 12 % (2018-19). India has a share of 5 % of the global trade in textiles and apparel. The uniqueness of the industry lies in its strength both in the hand-woven sector as well as in the capital intensive mill sector. The mill sector is the second largest in the world. Traditional sectors like handloom, handicrafts and small scale power-loom units are the biggest source of employment for millions of people in rural and semi urban area and also contribute to more than 75% of total textiles production in the country.

The Indian textile Industry has inherent linkage with agriculture and with the culture and traditions of the country making for its versatile spread of products appropriate for both domestic and the export markets. The textile industry contributes to 7% of industry output in value terms, 2% of India's GDP and to 12% of the country's export earnings. The textile industry is one of the largest sources of employment generation in the country with over 45 million people employed directly, and another 6 crore people in allied sectors, including a large number of women and rural population. The sector has perfect alignment with Government's key initiatives of Make in India, Skill India, Women Empowerment and Rural Youth Employment.

India is the sixth-largest exporter of textile and apparel products after China, Germany, Bangladesh, Vietnam, and Italy. India is well known in the global market for many products including cotton yarn, fashion garments, hand-made carpets, etc. The designing capability of this industry is respected worldwide, which has helped the country to build its image as an industrial powerhouse. The sector is, however, vulnerable to several internal and external economic challenges that affect its overall performance.

(Source: https://www.indiabudget.gov.in/budget2020-21/economicsurvey/index.php)

Market Size

India's textiles industry contributed 7% to the industry output (by value) in 2018-19. The Indian textiles and apparel industry contributed 2% to the GDP, 12% to export earnings and held 5% of the global trade in textiles and apparel in 2018-19.

Textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.

Cotton production is expected to reach 36.0 million sales in FY21.

The domestic textiles and apparel market stood at an estimated US$ 100 billion in FY19. The production of raw cotton in India is estimated to have reached 35.4 million bales in FY20. During FY19, production of fibre in India stood at 1.44 million tonnes (MT) and reached 1.60 MT in FY20 (till January 2020), while that for yarn, the production stood at 4,762 million kgs during same period.

(Source: https://www.ibef.org/industry/textiles.aspx)

Investment

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US$ 3.46 billion from April 2000 to September 2020.

(Source: https://www.ibef.org/industry/textiles.aspx)

Government Initiatives

Indian government has come up with several export promotion policies for the textiles sector. It has also allowed 100% FDI in the sector under the automatic route.

Initiatives taken by Government of India are:

- Defence Research and Development Organisation (DRDO) is helping the Indian textile industry to produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms.

- In October 2020, the Cabinet Committee on Economic Affairs chaired by Mr. Narendra Modi approved mandatory packaging of 100% food grains and 20% sugar in jute bags. Under the Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987, the government is required to consider and provide for the compulsory use of jute packaging materials for supply.

- Government launched production linked incentive scheme to provide incentives for manufacture and export of specific textile products made of man-made fibre.

- On September 2, 2020, the Union Cabinet approved signing an MOU between textile committee, India and M/s Nissenken Quality Evaluation Centre, Japan, for improving quality and testing Indian textiles and clothing for the Japanese market. This India-Japan pact on cooperation in textiles will facilitate Indian exporters to meet the requirements of Japanese importers as per the latter's technical regulations.

- Under Union Budget 2020-21, a National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of Rs. 1,480 crore (US$ 211.76 million).

- In 2020, New Textiles Policy 2020 is expected to be released by the Ministry of Textiles.

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - readymade garments and made-ups - from 2% to 4%.

- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), estimated to create employment for 35 lakh people and enable investment worth Rs. 95,000 crore (US$ 14.17 billion) by 2022.

- Integrated Wool Development Programme (IWDP) was approved by Government of India to provide support to the wool sector, starting from wool rearer to end consumer, with an aim to enhance quality and increase production during 2017-18 and 2019-20.

(Source: https://www.ibef.org/industry/textiles.aspx)

Achievements

Following are the achievements of the Government in the past four years:

- I-ATUFS, a web-based claims monitoring, and tracking mechanism was launched on April 21, 2016. 381 new block level clusters were sanctioned.

- Under the Scheme for Integrated Textile Parks (SITP), 59 textile parks were sanctioned, out of which, 22 have been completed.

- Employment increased to 45 million in FY19 from 8.03 in FY15.

- Exports of readymade garments (of all textiles) was worth US$ 1.04 billion as of November 2020.

(Source: https://www.ibef.org/industry/textiles.aspx)

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 24, for a discussion of the risks and uncertainties related to those statements, as well as "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 122 and 182, 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 and Limited Reviewed Financial Statements.

Our Company is one of the flagship companies of Bannari Amman Group located in South India which offers a wide spectrum of manufacturing, trading, distribution and service-related activities in sectors like textiles, food processing, automobile distribution, etc. Our Company was incorporated in the year 1989 and has emerged as a fully vertically integrated textile company engaged in the business of manufacturing, spinning, weaving and processing of cotton yarn. Our Company is also engaged in the business of manufacturing woven and knitted fabrics, garments and wind power generation. Our principal line of business is manufacturing and marketing of cotton yarn, woven and knitted fabrics, home textile products, knitted garments along with processing of fabrics and retailing of knitted garments. Our Company manufactures cotton yarn and fabrics which are in turn used as a raw material in manufacturing of knitted and woven garments. Moreover, all our manufacturing units and facilities are situated in the state of Tamil Nadu, India. Apart from manufacturing products for direct sale to our customers, to ensure the full utilization of the installed capacity of our manufacturing units, we are also engaged in carrying out various textile processes for third parties on a job work basis. We procure cotton bales from domestic and international markets and market and sell cotton yarn, finished woven and knitted fabics, knitted garments and home textiles to various garment manufactures. Our strict compliance with the internal quality control and international standards of quality, has enabled us to expand our operations internationally to countries including China, England, Israel, Cameroon, United States of America, Germany, Spain, Japan, Italy, Korea, Thailand, Myanmar, Portugal, Egypt, Canada, Indonesia, Australia, Bangladesh, Hong Kong, Vietnam, Kenya, Sri Lanka, Poland, etc.

Our Company is an integrated textile company and offers a diverse set of products which cater to various segments of the textile industry such as spinning, weaving, knitting, processing, home textiles and garmenting. The Company has also installed wind power generators to augment the power requirements of the aforesaid manufacturing facilities thereby reducing the usage of fossil fuel. To ensure that we supply quality products which meet the applicable standards, we have set up quality control facilities at each unit, which consists of our quality assurance and quality control teams who check and conduct various tests on the products at various stages starting from the raw materials procured to the finished products manufactured by us. All our facilities are supplemented by our utilities, such as water, power, effluent treatment plant, etc. which makes it an important link between all our facilities. The details of our manufacturing facilities are provided below:

Manufacturing Units	Products/Facilities	Capacities
Nadukadanur Pirivu, Morepatty Post, Vadamadurai, Dindigul - 624 802 Tamil Nadu	Spinning -I	30,240 Spindles
Velvarkottai, Dindigul-Trichy National Highway - 45 Vedasandur Taluk. Dindigul - 624 803 Tamil Nadu	Spinning -II	1,15,200 Spindles
Karanampet - Paruvai Road, Paruvai Post, Coimbatore - 641 658 Tamil Nadu	Weaving	153 Looms
Karanampet - Paruvai Road, Paruvai Post, Coimbatore - 641 658 Tamil Nadu	Knitting	143 Knitting machines
Plot No.: H-11 & E-12 SIPCOT Industrial Growth Estate Perundhurai, Erode - 638 052 Tamil Nadu	Processing	5400 Tonnes of fabric per annum
Palladam Hitech Weaving Park Sukkampalayam Village, K N Puram (PO) Palladam - 641 662 Tamil Nadu	Garments	5 million pieces per annum
Irukandurai & Dhanakarkulam Village Radhapuram Taluk Tirunelveli District Tamil Nadu	Windmills (4 units)	5.00 MW
Chinnapudur Village Dharapuram Taluk, Erode District Tamil Nadu	Windmills (14 units)	11.20 MW
Melkaraipatti & Kottathurai Villages Palani Taluk, Dindigul District Tamil Nadu	Windmills (9 units)	7.20 MW

For further details, please refer to the heading "*Our Immovable Properties*" in this chapter at page 104 of this Draft Letter of Offer.

Our Company commenced its spinning operation in our manufacturing unit situated at Dindigul in the year 1995. During the year 2005, we expanded our spinning operations by setting up an additional manufacturing unit with an installed capacity of 1,14,000 spindles for manufacturing combed knitted yarn and compact yarn for weaving. The spinning units are equipped with modern spinning machinery purchased from LMW Coimbatore, Rieter Switzerland, Schlafhorst Germany, Trutzchler Germany, etc. and also contains a full range of testing equipment's form Uster Switzerland. The weaving unit, established in the year 2005 specializes in manufacturing of grey fabric which is the primary raw material for woven garment units and the home textile products. The facility is equipped with Sulzer wider width jumbo looms and Sulzer Airjet looms which enable manufacturing of ultra-fine count fabric in narrow or wider width. The knitting unit established in 2011, manufactures single jersey, interlock and rib fabrics in diameter ranging from 20" to 36". In 2013, our Company acquired its fabric processing unit. The processing unit provides quality solutions for textile dying, printing as well as finishing needs of our Company, our Joint Venture and Subsidiary, Young Brand Apparel Private Limited. It also enables us to carry out job work activities to cater to the finishing requirements of third-party garment units. The said processing unit is equipped with latest facilities such as effluent treatment including RO plant, nano filtration, evaporator, etc., with zero discharge of effluents. Our garment manufacturing facility is equipped with efficient equipment and robust systems for manufacturing inner and outer wear garments. The home textile facility produces wide range of home textile products viz., bed linens, bed sheets, blankets, mattress covers, hand towels, to name a few. The wind power generated is captively consumed by our spinning units and thereby it aids in meeting our significant power requirement.

Since incorporation, it was our Company's vision and focus to manufacture and supply superior quality products to our customers, which has enabled us to expand our business operations globally. We have set up a quality control facility ("**Quality Control Facility**") in all our manufacturing units which carries out all the required tests on the materials received including raw materials which are used in the manufacturing process and also on the final products. Our Quality Control Facility also carries out tests on all the stages of our manufacturing processes to ensure that the quality is built through the process.

We work under the guidance of our Promoter and Managing Director, Sangampalayam Vedanayagam Arumugam, 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. He has been instrumental in evolving our business operations, growth and future prospects.

Our restated standalone revenues from operations for nine months ended December 31, 2020 and for Fiscals 2020, 2019 and 2018 were ₹ 59072.30 lacs, ₹ 92497.28 lacs ₹ 99982.78 lacs and ₹ 89203.89 lacs respectively. Our restated standalone EBITDA for nine months ended December 31, 2020 and for Fiscals 2020, 2019 and 2018 were ₹ 3867.42 lacs, ₹ 9350.36 lacs ₹ 11242.44 lacs and ₹ 8566.81 lacs respectively. Our restated standalone profit after tax for nine months ended December 31, 2020 and for Fiscals 2020, 2019 and 2018 were ₹ (2221.14) lacs, ₹ 19.90 lacs ₹ 1939.88 lacs and ₹ 738.32 lacs respectively. For further details, please refer to the section titled "*Financial Information*" on page 122 of this Draft Letter of Offer.

Corporate Structure

We are a subsidiary of Murugan Enterprise Private Limited, which is also our Corporate Promoter holding 54.48% of our paid-up Equity Share capital. Our Company has four (04) wholly owned subsidiaries, which are Abirami Amman Designs Private Limited, Accel Apparels Private Limited, Bannari Amman Retails Private Limited and Bannari Amman Trendz Private Limited and one (01) joint venture and subsidiary, in the name and style of Young Brand Apparel Private Limited. It is a Joint Venture formed between our Company, Jacob Industries (USA) LLC, a company incorporated in the United States of America and Intimark Holdings S. de. R.L. de. C. V., a company incorporated in Mexico. Our Company holds a shareholding of 51.33% in Young Brand Apparel Private Limited, thereby making it a subsidiary of our Company.

In the year 2005, our Company pursuant to an initial public offering of 70 Lacs Equity Shares of Rs.10/- each at an issue price of Rs. 135/- per Equity Shares aggregating to Rs. 9,450 lacs, listed its Equity Shares on BSE and NSE. The market capitalization *(full float)* of our Company as at December 31, 2020 was ₹ 21,268.26.

OUR OPERATIONS

Following is our detailed revenue breakup on restated standalone basis for the financial years ending March 31, 2020, 2019 and 2018:

(₹ in lacs)

S. NO.	Particulars	FY 2020	FY 2019	FY 2018
1.	Manufacturing	89,317.33	96,861.15	85,181.63
2.	Trading	517.15	180.91	1,410.78
3.	Job Work	2,662.80	2,940.72	2,611.48
Total		92,497.28	99,982.78	89,203.89

For further details, please refer to the section titled "*Financial Information*" on page 122 of this Draft Letter of Offer.

Our Competitive Strengths

We are a textile manufacturer with long standing market presence.

We have a legacy of more than two decades in the textile industry wherein we manufacture diverse products such as cotton yarn, woven fabrics, knitted fabrics, garments, home textile products, etc. which cater to various segments of this industry. The success of our business largely depends on our dedicated team of professionals overseeing the production, marketing and selling our products along with our Quality Control facility, which ensures that we manufacture defect free quality products. Owing to our Individual Promoter's extensive experience in the textile industry, we have expanded and diversified our business to cater to domestic as well as international markets. Our core competencies lie in our deep understanding of customers' buying preferences and behavior for over two decades across the Indian and international markets. We believe, being an integrated manufacturer, we have a competitive advantage to cater to diversified and varied segments of the textile industry and customize our products as per the specific requirements of our customers and even manufacture and deliver quantities. We believe this differentiates us from other players in the industry as each of our manufacturing activity is sourced, conceptualized and executed by our 'in-house team', which has helped us to emerge as one of the few integrated players in India.

We ensure strict compliance with the internal quality control and international standards of quality by updating our technology and machineries on regular basis and also improving our products and manufacturing processes on the basis of feedbacks received from our customers. Our consistent efforts towards maintaining the quality of our products has enabled us to expand our operations internationally to countries such as China, England, Israel, Cameroon, United States of America, Germany, Spain, Japan, Italy, Korea, Thailand, Myanmar, Portugal, Egypt, Canada, Indonesia, Australia, Bangladesh, Hong Kong, Vietnam, Kenya, Sri Lanka, Poland, etc. We believe that our relationships with customers and suppliers coupled with our innovative and cost-effective manufacturing process makes us well positioned to benefit from this positive trend and continue to expand our operations.

Long standing relationship with our customers.

Our Company has strong customer base in both domestic and export markets. Over a period of time, our Company has built-up a track record of manufacturing and marketing quality products with ensuring timely completion of orders. Our long-standing relationship with our customers to whom we supply the diverse products manufactured in various facilities of our Company is a testimonial for the quality of our products.

Our marketing team closely interacts with the customers, understands their requirements which helps us in delivering products as per their specific requirements, thereby ensuring higher customer satisfaction. This also helps us understand customer requirements and their future plans better, enabling us to forecast, plan and manufacture our products accordingly, thereby resulting in business optimization, improved productivity, efficiency and margins. Our Company has been able to retain customers and further strengthen the relationship by providing them products suited to their requirements. We attribute the strength of our customer relationships to our ability to customize our products based on customer specifications and requirements, as well as our track record of consistent delivery of quality and cost-effective products and solutions through our strategic alignment with our key customers' goals and specifications over the years. Our efficient manufacturing processes coupled with consistent delivery of quality has helped us develop and maintain long-term relationships with a number of our customers.

Comprehensive product portfolio enables us to serve in diverse segments of the textile industry.

Our Company is an integrated textile company and offers a diverse set of products which cater to various segments of the textile industry. Our business consists of facilities, such as spinning, weaving, knitting, processing, garmenting and wind power generation. The diverse and integrated manufacturing facilities help us in manufacturing, marketing and selling of products produced in different facilities of our Company. For instance, we market and sell, cotton yarn which is manufactured in the spinning facility; cotton yarn is also used as a raw material in other facilities such as Weaving and Knitting units for production of Fabrics. The fabrics so produced in turn is used as rawmaterial in processing and garments units, the finished products of these facilities are also sold to customers in various segments of the industry. All our products have diverse and varied applications in the garment industry. Our diverse product portfolio and wide scale applications of our products has paved our way to expand our business and operations domestically and internationally.

Cost effective production and timely fulfilment of orders

Timely fulfilment of the supplies is a prerequisite in our industry. We have taken various steps in order to ensure adherence to timely fulfilment of orders and to achieve greater cost efficiency at our existing manufacturing units. These steps include identifying raw material suppliers (which forms a bulk of our raw material cost), smooth labour relations, use of an efficient production system and ability to meet large and varied orders due to our capacity and linkages with raw material suppliers. We cater to various domestic as well as international customers and try to provide customer specific solutions and offer our products not only in standard but also in customized manner so as to best suit their requirements. Easy and timely procurement of primary raw material for our products helps us in achieving timely fulfilment of our orders resulting in customer satisfaction.

Quality standards and Assurance

Quality Assurance and Quality Control are integral part of our manufacturing operations. We believe that quality is an ongoing process of building and sustaining relationships. Owing to the expertise of our experienced and trained team all the products are manufactured strictly as per the domestic and international standard laid down by our customers and regulatory bodies. Our commitment of supplying superior quality products is complemented by our industry knowledge.

All our manufacturing facilities have a fully equipped Quality Control facility with experienced and qualified staff to carry out quality checks and inspections at all the stages of our manufacturing process. The quality control and quality assurance checks are carried out on raw materials procured and finished products manufactured by us to match the quality standards as specified by the relevant international regulatory body and customers.

Our Company is dedicated towards quality of our products, processes and inputs. We adhere to quality standards as prescribed by our customers. All products that leave the factory premise are inspected by the Quality Control Department. Further, quality check is done at every stage of manufacturing to ensure the adherence to desired specifications. Since, our Company is dedicated towards quality of products, processes and inputs; we get repetitive orders from our buyers, as we are capable of meeting their quality standards, which enables them to maintain their brand image in the market.

Experienced and Qualified Management

We are led by a group of individuals, having a proven background and rich experience in the textile industry. Our Promoter and Managing Director has been associated with us since the inception and has an experience of more than three decades in the textile industry. He is one of our founding members and is actively involved in the strategic decision making for the Company, pertaining to corporate and administrative affairs, financial operations, expansion activities, business development and management of overall business. He has been instrumental in developing our business activities, growth and future prospects. He heads our purchase division, marketing and sales team and takes overall care of our functional attributes.

We have an experienced and professional management team with strong asset management, execution capabilities and considerable experience in this industry. The team comprises of personnel having technical, operational and business development experience. We have employed suitable technical and support staff to manage key areas of activities allied to operations. Our team is well qualified and experienced in textile industry and has been responsible for the growth of our operations. We believe the stability of our management team and the industry experience brought in coupled with their strong repute, will enable us to continue to take advantage of future

market opportunities and expand into new markets. For further details of the educational qualifications and experience of our management team and our Key Managerial Personnel please refer the chapter titled "*Our Management*" beginning on page 108 of this Draft Letter of Offer.

Government Incentives

We enjoy the benefits of incentives under the "Amended Technology Upgradation Fund Scheme" ("**ATUFS**") provided by the Central Government of India and "Revised and Restructured Technology Upgradation Fund Scheme" ("**RRTUF**"). The Ministry of Textiles, Government of India notified ATUFS in the year 2018, to promote ease of doing business, make in India and increase the employment, provides credit linked capital investment subsidy. It facilitates augmenting investment, productivity, quality, employment and exports and increases investment in the textile industry. RRTUF has been introduced by the Ministry of Textiles in continuation of the Technology Upgradation Fund Scheme for the textiles and jute industries. The scheme offers various benefits and subsidies such as reimbursement of interest on loans availed in conformity with the scheme, capital subsidy for investment in eligible fixed assets, etc.

Vertical integration of products

Our Company is a vertically integrated textile company and offers a diverse set of products which cater to various segments of the textile industry, from start to finish such as spinning, processing, weaving, knitting, garmenting, etc. In addition to above, we are also engaged in manufacturing cotton yarn, grey woven and knitted fabrics, processed fabrics, home textiles products, knitted garments and wind power generation. All the processes involved in manufacturing and processing of cotton yarn, fabrics and garments such as, preparatory functions such as cotton mixing, blow room, carding, combing, drawing and spinning, all the way through weaving/knitting ending with bleaching, dying and finishing of apparel, etc. are independently carried out in our manufacturing units.

Our Business Strategy

To develop export opportunities for our products

We currently export our products to various countries such as China, England, Israel, Cameroon, United States of America, Germany, Spain, Japan, Italy, Korea, Thailand, Myanmar, Portugal, Egypt, Canada, Indonesia, Australia, Bangladesh, Hong Kong, Vietnam, Kenya, Sri Lanka, Poland, etc. and plan to expand our export operations globally. India is one of the major exporters of textile products while developed economies such as US and Europe are major importers of textile products. Our product portfolio is primarily focused on offering differentiated products based on customer's requirements. Through a combination of increased capacities, reduced costs, wider range of products and services adhering to global standards, marketing initiatives, competitive pricing and more efficient use of our resources, we intend to expand our global footprint and become a preferred exporter of textiles.

Enhanced focus on efficiency, cost and return on capital

We intend to continue to improve the efficiency of our operations, reduce costs, improve margins and enhance the efficiency of capital employed thereby increasing the return on our capital, while still focusing on sustainable growth.

We will continue to leverage technology for better demand planning, replenishment and in season management activities. This will help us improve sales and sell through, allowing us to increase sales and minimize markdowns on our inventory. These actions are expected to improve margins, reduce costs and also reduce our overall inventory levels. With a strong focus on cash generation, we are also rationalizing and reducing our exposure to customer segments and channels that require us to maintain high levels of inventory or have longer payment cycles. We believe our focus on costs, network efficiency and asset turns will help us improve our profitability and return on capital employed.

Maintain and Expand Long-term Relationships with Clients

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time rather than a project-based execution approach.

Our Company believes that long-term client relationship fetches better dividends. Long-term relations are built on trust and continuous satisfaction of the customers. It helps understanding the basic approach of our Company, its products and its market. It also forms basis of further expansion for our Company, as we are able to monitor a potential product/ market closely. We intend to focus on expanding our customer base and forming new long term relations with our customers by catering to their needs and demands in a timely, efficient and cost effective manner.

Investing in Advanced Technology

Our vertically integrated textile facilities are highly dependent on technology to ensure smooth and effective functioning, thereby making it conducive that we continue to modernize and upgrade the technology used by us. New technologies are constantly being developed for the various processes of manufacturing and we have invested in the latest available technology, plant and machinery to ensure that our manufacturing processes are up to date. We intend to continue upgrading our technology to keep ourselves competitive and efficient.

Leveraging of our Marketing Skills and Relationships

We continue to enhance our business operations by ensuring that our network of customers increases through our marketing efforts. Our core competency lies in our deep understanding of our customers' buying preferences and behavior, which has helped us in achieving customer loyalty. We endeavor to continuously improve the product-mix offered to the customers as well as strive to understand and anticipate any change in the expectation of our clients towards our products. We intend to strengthen our existing marketing team by inducting personnel with expertise in the textile industry, who will supplement our existing marketing strategies in the domestic and international markets. We have already started out on our journey as a supplier and exporter of our existing products in the international market, by supplying products in conformity with the international standards, which makes the quality of our products, our biggest marketing technique. Our international operations have enabled us to learn and follow the global trends, improve our efficiency, quality and trend analysis and better customer servicing, which shall in the future help us in penetrating global markets with a wide market reach.

DETAILS OF OUR BUSINESS

- **PRODUCTS AND SERVICES**

We are in the business of manufacturing and marketing of cotton yarn, woven and knitted fabrics, home textiles products, knitted garments, processing of fabrics and retailing of knitted garments. Our Company manufactures cotton yarn and fabrics predominately for knitted garments and also for woven garments.

Our Product Portfolio is as follows:

Product	Description
Cotton Yarn	Yarn is a long continuous length of interlocked fibres, suitable for use in the production of fabric
Knitted Fabric	Knitted fabric is a textile product that results from knitting, the process of inter-looping of yarns or inter-meshing of loops. Its properties are distinct from woven fabric in that it is more flexible and can be more readily constructed into smaller pieces, making it ideal for socks and hats
Woven Fabric	Woven fabric is any textile product formed by weaving. Woven fabrics are often created on a loom, and made of many threads woven on a warp and a weft. Technically, a woven fabric is any fabric made by interlacing two or more threads at right angles to one another
Home Textiles Products	Various products of home textiles are Flat Sheet, Fitted Sheet, Duvet Cover, Valance, Pillowcase, Sheet Set and also Baby Products

- **MANUFACTURING PROCESS**

The products manufactured by us has to go through various machines and undergo a number of processes, which are detailed below.

Raw Material Procurement

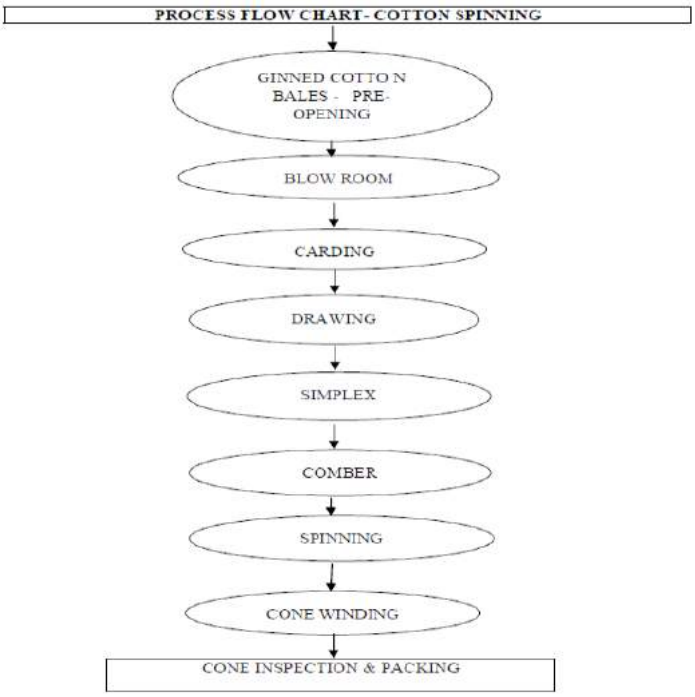
Cotton is the most vital raw material used in our manufacturing process for all our products specially, cotton yarn, as we process cotton yarn to manufacture our finished products. Our Quality Control facility ensures that the quality of all our raw materials is maintained in order for us to manufacture quality fabric.

I. Spinning Facility:

The manufacturing process involved in our spinning facility has been broadly mentioned below:

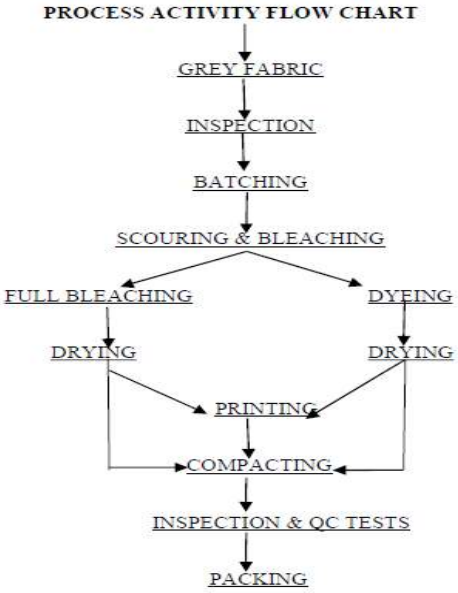
S. No.	Sequence of Process & Machine Name	Function	Out put
1.	Mixing (Manual)	Varieties of Cotton are mixed according to quality parameters to avail the best of the characteristics of different varieties and more importantly to average out the cost. Conditioning oil with water sprayed over the stack mixing to enable the cotton to retain the moisture for better processing.	
2.	Blow Room (Opening & Cleaning M/cs)	Sequence of opening and cleaning machinery are used for thorough opening of the cotton and to remove heavy trash and foreign materials.	Opened and cleaned tufts of cotton
3.	Carding (Carding M/c)	Thorough cleaning of cotton is done by individualization of fibers. Fine trash, Seed coats and short fibers are removed	Sliver
4.	Drawing (Draw Frame)	Card Slivers are evened out by doubling and drafting process	Evened Sliver
5.	Lap Forming (Simplex)	No. of carded slivers are combined and material is formed in sheet form to feed to combers	Lap of determined length & weight
6.	Combing (Combers)	Short fibers and neps are removed to add spin value and luster	Combed Sliver
7.	Finisher Drawing (Auto-leveler Draw Frame)	Number of Combed Slivers are combined and drafted to get uniform sliver through electronic measuring and leveling	Sliver
8.	Roving (Fly Frame / Simplex)	Sliver is drafted to determined level, twisted and roving thus formed is wound on bobbins	Roving Bobbin
9.	Spinning (Ring Frame)	Roving material is drafted, twisted and the yarn thus formed is wound on bobbins	Cops
10.	Winding (Automatic Winders)	The yarn from Ring Frame cops is wound on large package of weight as per end use. During winding, yarn faults are removed by electronic yarn clearers as per the set value	Cones
11.	Packing (Manual / Mechanical)	Cones are packed in Bags (or) Cartons (or) Pallets to scatter to Domestic (or) Export markets	Packages of determined weight

The process flow chart followed for cotton spinning has been provided below:



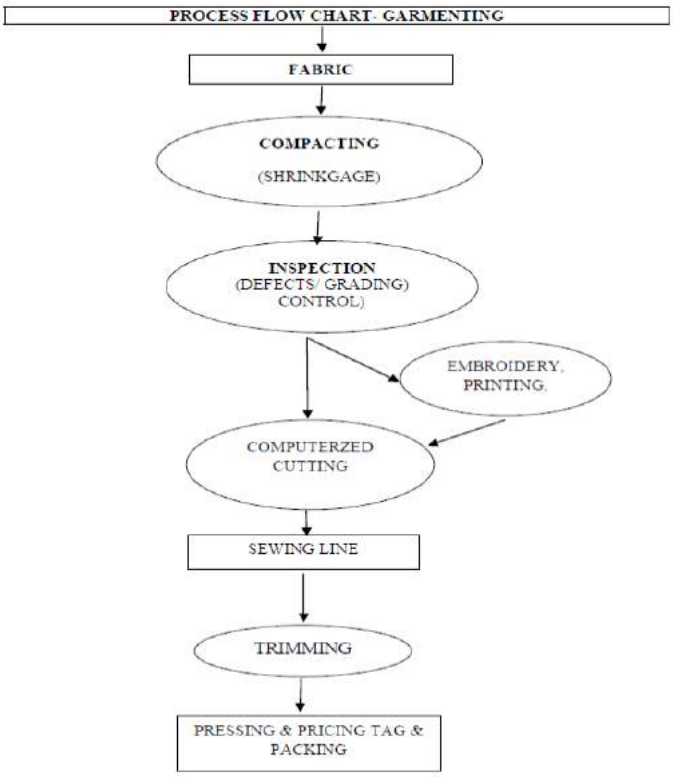
II. Processing Facility:

The manufacturing process involved in processing of fabrics has been broadly provided below:



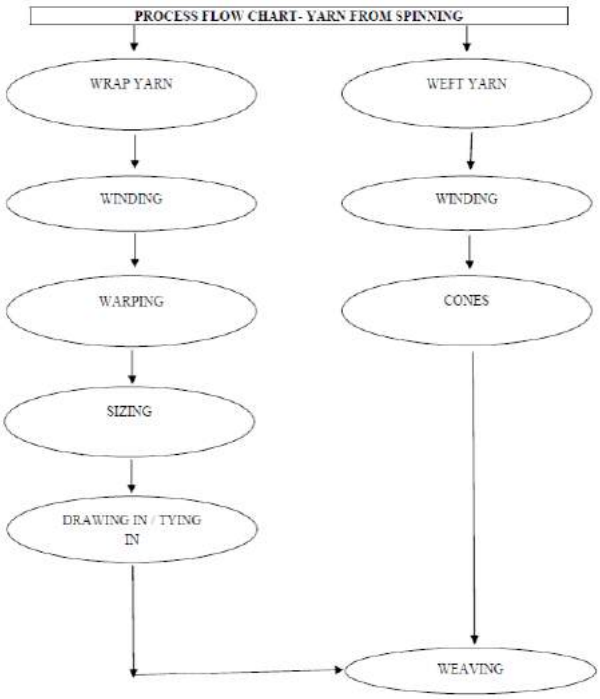
III. GARMENTING:

The manufacturing process involved in our garment facility has been broadly provided below:



IV. WEAVING:

The manufacturing process involved in our weaving facility has been broadly provided below:



Quality control and tests at each stage at the manufacturing process:

The raw materials procured and the finished products manufactured are checked and inspected by the Quality Control facility to ensure that the desired quality is achieved. All the units have comprehensive testing facilities for assessing the quality parameters of raw-material/inputs, in process materials and finished goods. Corrective action, if any, is taken on the basis of the tests carried out to ensure that the final products adhere to the desired quality standards.

- **PLANT AND MACHINERY**

All our manufacturing units are equipped with various machinery, technology and equipment for the purpose of effectively carrying out our manufacturing process.

Revenue Break-up

Our revenue break up on restated standalone basis for the financial years ending March 31, 2020, 2019 and 2018 is as follows:

(₹ in lacs)

S. No.	Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
1.	Domestic	78,152.79	77,660.00	56,362.20
2.	Exports	14,344.49	22,322.78	32,841.69
	Total	**92,497.28**	**99,982.78**	**89,203.89**

Our Major Customers

We majorly sell our finished products to various garment manufacturers. Apart from manufacturing products for direct sale to our customers, to ensure the full utilization of the installed capacity of our manufacturing units, we are also engaged in carrying out various textile processes for third parties on a job work basis.

The following is the revenue breakup on restated standalone basis of the top five and top ten customers of our Company for the Fiscal 2020 is as follows:

(₹ in lacs)

Particulars	Fiscal 2020	
	Amount	Percentage (%)
Top 5 customers	10,133.85	10.61
Top 10 customers	15,702.54	16.07

Utilities:

Power

Our manufacturing units receive its power supply mainly from TANGEDCO to carry out our manufacturing process. In addition to the above, we also rely on our wind power generation facility for a significant portion of our power requirement and other third party power suppliers. All our manufacturing units have back up diesel power generation units to supply power during power shutdown.

Fuel

Our Company does not require fuel in the manufacturing process except for running the diesel generating sets. The requirement of fuel for diesel generating sets is met from local third party suppliers. Our processing facility uses coal for the steam boilers installed therein for generating steam required for carrying out the manufacturing process.

Water

The water requirement for the manufacturing process is met both from borewells in our manufacturing units and from third-party water suppliers.

Waste Management

All our manufacturing units are equipped with suitable in-house waste disposal and treatment systems, in compliance with the applicable environmental laws and regulations. Furthermore, our processing facility is equipped with a zero-discharge effluent treatment plant for treating the wastes generating during the dying process.

Capacity Installed and Capacity Utilisation

Set forth below is the detail of the installed and utilized capacity of our manufacturing unit for the last three financial years.

Spinning -I		
Financial Year	**Installed Capacity (in Spindles)**	**Percentage of utilization (%)**
2017-2018	30,240	96.08
2018-2019	30,240	96.35
2019-2020	30,240	95.77
Spinning -II		
Financial Year	**Installed Capacity (in Spindles)**	**Percentage of utilization (%)**
2017-2018	1,15,200	97.07
2018-2019	1,15,200	97.71
2019-2020	1,15,200	97.09

Weaving		
Financial Year	**Installed Capacity (in Looms)**	**Percentage of utilization (%)**
2017-2018	153	92.17
2018-2019	153	94.44
2019-2020	153	91.62
Knitting		
Financial Year	**Installed Capacity (in machineries)**	**Percentage of utilization (%)**
2017-2018	143	76.14
2018-2019	143	72.46
2019-2020	143	48.23

Processing		
Financial Year	**Installed Capacity (in tonnes of fabric)**	**Percentage of utilization (%)**
2017-2018	5400	89.36
2018-2019	5400	88.24
2019-2020	5400	80.15

Wind Power		
Financial Year	**Installed Capacity (in MW)**	**Percentage of utilization (%)***
2017-2018	29.95	-
2018-2019	29.95	-
2019-2020	25.05	-

**The percentage of utilization cannot be estimated*

COLLABORATIONS

Our Company has executed a joint venture agreement dated July 06, 2017 and deed of adherence dated October 30, 2018 with Jacob Industries (USA) LLC, a company incorporated in the United States of America and Intimark Holdings S. de. R.L. de. C. V., a company incorporated in Mexico, to form our Joint Venture and Subsidiary, Young Brand Apparel Private Limited. Young Brand Apparel Private Limited is engaged in the business of manufacturing and export of inner wear apparels for women, men and kids for various international brands. The manufacturing unit of our Joint Venture and Subsidiary is located at Ozhaiyur Village in the Kanchipuram District on the outskirts of Chennai, Tamil Nadu. YBAPL focuses on B2B supplies to global retail brands in innerwear garments.

Our Company holds a shareholding of 51.33% in Young Brand Apparel Private Limited, therefore it is also a subsidiary of our Company.

CORPORATE SOCIAL RESPONSIBILITY

We as a responsible corporate citizen are committed to take up different developmental projects, as part of our Corporate Social Responsibility ("**CSR**") initiatives towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. Our CSR strategies are aligned to national priorities to meet the basic needs of the local community. Our CSR policy defines the framework for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder. The CSR committee has been constituted as per the applicable Act. We demonstrate our commitment towards our communities by committing our resources and energies to social development and we have aligned our CSR programs with Indian legal requirements. In furtherance of the same, we endeavor to undertake CSR activities such as, basic education, basic health, early childhood care and education by supplementing the effort of Government and suitably identifying the critical gaps and addressing it squarely.

The Company is actively participating in integrated rural community development, in promotion of education particularly in rural areas where the facilities for students are inadequate. The company provides for construction of buildings and equipment to deserving schools, contributed equipment to the disabled kids like hearing materials and also contributes towards dispute children of Aids affected.

Insurance

We generally maintain insurance covering our stocks, machineries and assets at such levels that we believe to be appropriate. We have obtained certain policies such as standard fire and special perils policy, marine cargo open policy, group janata personal accident insurance policy, personal accident insurance (group) policy, trade credit insurance policy (domestic and export risk), etc. The standard fire and special perils policy and marine cargo open policy policies insure *inter alia* our raw materials that is, stock of cotton bales, yarn, waste cotton, textile machinery, spares, stock of yarn bags and stock of cotton waste, electrical installations, office equipment, computers and accessories, lab equipment, building, plant and machinery, stock, stock in process, finished goods, semi-finished, interior decorations, consumables, chemicals, high speed diesel, packing materials, traded goods of yarn and fabric, etc. The group janata personal accident insurance policy, personal accident insurance (group) policy insure our employees and workers, further the trade credit insurance policy (domestic and export risk) insure our Company against the risk of commercial default insolvency and protracted default. Although, we have taken appropriate insurance cover, there can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.

Marketing

We have a team of 59 members for marketing and sales dedicated towards supplying and marketing our products in the unorganized and the organized sector of the textile industry. Our marketing team constantly monitors and scours the trends in the market and prepares and updates our products accordingly. The cotton industry typically sells its products directly to the buyers and through agents network also. Our company has also got network of agents throughout major markets in India like Tirupur, Ichalakaranji and up-country markets etc. Our Company's marketing department works in tandem with its agents in pro-active manners and constantly interacts with its agents so as to get the feedback on the quality of its yarn and improve the same as well.

HUMAN RESOURCES

We believe that our employees are key contributors to our business success. As on December 31, 2020, we have 3,322 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.

Following is a department wise employee break-up:

Department	Number of Employees
Top level management	8
Accounts	43
HR	33
Secretarial	3
Marketing & Sales	59
Cotton	9
Yarn	4
Administration	150
Production	2500
Maintenance & Electrical	293
Quality	192
Civil	2
IT	5
Legal	2
Store	25
Project	2
Total	**3,322**

INTELLECTUAL PROPERTY RIGHTS

a) **Trademark:**

Our Company owns the following trademark:

Sr. No.	Description	Registration Number	Valid up to
1.	Bitz	3149196	January 01, 2026
2.	**BITZ INDIA** [word mark]	3602509	July 30, 2027
3.	**BULL AND DEER** [word mark]	3025938	August 06, 2025
4.	**FEATHER BIRD** [word mark]	2889191	January 27, 2025

Our current name and logo, is not owned or registered as a trade name or trademark by our Company under the provisions of the Trademarks Act, 1999, for risks relating to the same, please refer to Risk Factor number 23 – "*If 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*" in the chapter titled "*Risk Factors*" on page 34 of this Draft Letter of Offer.

COMPETITION

Textiles being a global industry, we face competition from organized as well as unorganized players in the textile industry in domestic market as well as international market. This industry is highly competitive and fragmented. We have a number of competitors offering services similar to us. Even with a diversified product portfolio, quality approach, processing flexibility and modern technology we may have to face competitive pressures.

We believe the principal elements of competition in textile industry are price, quality, timely delivery and reliability. We compete against our competitors by establishing ourselves as a knowledge-based company with industry expertise in providing variety of quality products.

HEALTH AND SAFETY

We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted an environment, energy, occupational health and safety policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working under our management. We have implemented work safety measures to ensure a safe working environment, such measures include general guidelines for health and safety at our offices and warehouses, accident reporting, wearing safety equipment and maintaining clean and orderly work locations.

Our Immovable Properties

We carry out business operations from the following material properties:

a) Owned property:

Sr. No.	Particulars of the Property	Usage
1.	Dindigul District, Palani Registration District, Vadamadurai Sub Registration District, Vedasandhur Taluk, Morepatty Village, Tamil Nadu – 624 802, India.	Spinning Mill – Unit I
2.	Dindigul District, Palani Registration District, Vedasanthur Taluk, Vadamadurai Village, Tamil Nadu – 624 802, India.	
3.	Dindigul District, Vedasanthur Taluk, Palani Registration District, Vadamadurai Sub Registration District, Vadamadurai Panchayat Union Limit, Velavarkottai Village, Tamil Nadu – 624 802, India.	Spinning Mill-Unit-II
4.	Dindigul District, Palani Registration District, Vadamadurai Sub Registration District, Dindigul Taluk, Ammakulathupatti Village, Tamil Nadu – 624 005, India.	
5.	Tirunelveli Registration District, Radhapuram Sub-Registration District, Thirunelveli District, Radhapuram Taluk, Valliyur Panchayat union, Dhanakkarkulam Village, Tamil Nadu – 627 116, India.	Windmills
6.	Tirunelveli Registration District, Radhapuram Sub-Registration District, Thirunelveli District, Radhapmam Taluk, Valliyur Panchayat union, Irukkanthurai Village, Tamil Nadu – 627 106, India.	
7.	Erode District, Erode Registration District, Dharapuram Sub Registration District, Dharapuram Taluk, Chinnaputhur Village, Tamil Nadu – 641 671, India.	
8.	Erode District, Erode Registration District, Dharapuram Sub Registration District, Dharapuram Taluk, Kethelrev Village, Tamil Nadu – 638 657, India.	
9.	Erode District, Erode Registration District, Dharapuram Sub Registration District, Dharapuram Taluk, Govinthapuram Village, Tamil Nadu – 612 101, India.	
10.	Dindigul District, Palani Registration District, Keeranur Sub Registration District, Palani Taluk, Kottathurai Village, Tamil Nadu – 624 617, India.	
11.	Dindigul District, Palani Registration District, Keeranur Sub Registration District, Palani Taluk, Melkarai Patti Village, Tamil Nadu – 624 617, India.	
12.	Erode District, Erode Registration District, Dharapuram Sub Registration District, Dharapuram Taluk, Molarappatti Village, Tamil Nadu – 638 657, India.	
13.	Tirupur Registration District, Palladam Sub Registration District, Palladam Talukand Kodangipalayam panchayat limits Kodangipalayam Village, Tamil Nadu – 641 662, India.	Knitting and Weaving Unit

b) Leasehold property:

Sr. no.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
1.	Agreement executed on December 01, 2018 between Anamallais Automobiles Private Limited (the "**Lessor**") and our Company (the "**Lessee**")	Door No. 252, Mettupalayam Road, Sanganur Village, Gandipuram Sub Registration District, Coimbatore Registration District, Coimbatore - 641 027, Tamil Nadu, India.	₹ 55,500/- per month	A period of 3 years commencing from December 01, 2018	Registered Office
2.	Agreement executed on November 29, 2012 between SIPCOT (the "**Lessor**") and our Company (the "**Lessee**")	Plot No. R-44 in the SIPCOT Industrial Growth Centre, Perundurai within the Village limits of Ingur & Perundurai, Taluk of Perundurai Sub-Registration District of Perundurai in Revenue District of Erode, Perundurai- 638 052, Tamil Nadu, India.	₹ 01/- per annum	A period of 99 years commencing from November 29, 2012	Processing Unit
3.	Agreement executed on July 10, 2013 between SIPCOT (the "**Lessor**") and our Company (the "**Lessee**")	Plot No(s). H-11 & E-12 in the SIPCOT Industrial Growth Centre, Perundurai within the Village limits of Ingur, Taluk of Perundurai Sub-Registration District of perundurai in Revenue District of Erode, Perundurai- 638 052, Tamil Nadu, India.	₹ 01/- per annum	A period of 99 years commencing from July 10, 2013	Processing Unit
4.	Agreement executed on February 01, 2019 with K P Textiles (CBE) Private Limited (the "**Lessor**") and our Company (the "**Lessee**")	Tirupur District, Tirupur Registration District, Palladam Sub Registration District, Palladam Taluk, near MVS Nagar, Chettipalayam Road, bearing Door Nos.5/267, Tirupur – 641 601, Tamil Nadu, India.	₹ 3,52,000/- per month	A period of 3 years commencing from February 01, 2019	Godown
5.	Agreement executed on May 15, 2018 between Mr. P Thangamani (the "**Lessor**") and our Company (the "**Lessee**")	Tirupur District, Tirupur Registration District, Joint II Sub Registration District, Tirupur South Taluk, Tirupur Town, Old Ward No.36, Kamarajar Road, TS No.47 & 48, Block No.12, Ward No. M, Tirupur – 641 601, Tamil Nadu, India.	₹ 41,400/- per month	A period of 3 years commencing from May 07, 2018	Office (Spinning Unit)
6.	Agreement executed on September 03, 2020 between Mrs V Prabhavathi (the "**Lessor**") and our Compnay (the "**Lessee**")	Salem District, Salem East Registration District, Thathagapatti Sub Registration District, Salem Taluk, Annathanapatti Village, Tamil Nadu – 636006, India	₹ 20,000/- per month	A period of 2 years commencing from September 15, 2020	Depot (Spinning Unit)
7.	Agreement executed on December 01, 2018 between Smt A Umadevi (the "**Lessor**") and our Company (the "**Lessee**")	Flat No. 406 at Kences Woods, 4th main road, Kottur Garden, Kotturpuram, Chennai - 600 085, India.	₹ 1,00,000/- per month	A period of 5 years commencing from December 01, 2018	Guest House (Spinning Unit)
8.	Agreement executed on June 01, 2019 between Sakthi Murugan Transports Limited (the "**Lessor**") and our	Door No. 249-A, Bye Pass Road, Sanganur Village, Coimbatore Corporation, Coimbatore North Taluk, Gandipuram Sub	₹ 18,500/- per month	A period of 3 years commencing from June 01, 2019	Office (Spinning Unit)

Sr. no.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
	Company (the "**Lessee**")	Registration District, Coimbatore Registration District, Coimbatore - 641 027, Tamil Nadu, India.			
9.	Agreement executed on December 01, 2018 between Anamallais Automobiles Private Limited (the "**Lessor**") and our Company (the "**Lessee**")	Door No. 252, Mettupalayam Road, Sanganur Village, Gandhipuram Sub Registration District, Coimbatore Registration District, Coimbatore - 641 027, Tamil Nadu, India.	₹ 15,000/- per month	A period of 3 years commencing from December 01, 2018	Office (Knitting Division)
10.	Agreement executed on December 01, 2018 between Anamallais Automobiles Private Limited (the "**Lessor**") and our Company (the "**Lessee**")	Door No. 252, Mettupalayam Road, Sanganur Village, Gandhipuram Sub Registration District, Coimbatore Registration District, Coimbatore - 641 027, Tamil Nadu, India.	₹ 15,000/- per month	A period of 3 years commencing from December 01, 2018	Office (Processing Division)
11.	Agreement executed on December 01, 2018 between Anamallais Automobiles Private Limited (the "**Lessor**") and our Company (the "**Lessee**")	Door No. 252, Mettupalayam Road, Sanganur Village, Gandhipuram Sub Registration District, Coimbatore Registration District, Coimbatore - 641 027, Tamil Nadu, India.	₹ 42,000/- per month	A period of 3 years commencing from December 01, 2018	Office (Retail Division)
12.	Agreement executed on December 01, 2018 between Anamallais Automobiles Private Limited (the "**Lessor**") and our Company (the "**Lessee**")	Door No. 252, Mettupalayam Road, Sanganur Village, Gandhipuram Sub Registration District, Coimbatore Registration District, Coimbatore - 641 027, Tamil Nadu, India.	₹ 15,000/- per month	A period of 3 years commencing from December 01, 2018	Office (Weaving Division)
13.	Agreement executed on June 01, 2019 between Sakthi Murugan Transports Limited (the "**Lessor**") and our Company (the "**Lessee**")	Door No. 249-A, Bye Pass Road, Sanganur Village, Coimbatore Corporation, Coimbatore North Taluk, Gandhipuram Sub Registration District, Coimbatore Registration District, Coimbatore - 641 027, Tamil Nadu, India.	₹ 11,000/- per month	A period of 3 years commencing from June 01, 2019	Office (Retail Division)
14.	Leave and License Agreement executed on March 14, 2012 between Palladam Hi-Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	Plot No. A58 Palladam Hi-Tech Weaving Park, Coimbatore - Trichy National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	Capital Consideration of ₹ 4,15,905/- ₹ 500/- per month	A period of 15 years commencing from March 14, 2012	Home textiles division
15.	Leave and License Agreement executed on March 14, 2012 between Palladam Hi-Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	Plot No. A59 and A60 Palladam Hi-Tech Weaving Park, Coimbatore - Trichy National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	Capital Consideration of ₹ 4,05,312/- ₹ 500/- per month	A period of 15 years commencing from March 14, 2012	
16.	Leave and License Agreement executed on April 04, 2012 between	Plot No. A61, Palladam Hi-Tech Weaving Park, Coimbatore - Trichy	Capital Consideration of ₹ 4,05,211/-	A period of 15 years commencing	

Sr. no.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
	Palladam Hi- Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	₹ 500/- per month	from April 04, 2012	
17.	Leave and License Agreement executed on April 04, 2012 between Palladam Hi- Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	Plot No. A62, Palladam Hi-Tech Weaving Park, Coimbatore - Trichy National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	Capital Consideration of ₹ 4,04,969/- ₹ 500/- per month	A period of 15 years commencing from April 04, 2012	
18.	Leave and License Agreement executed on April 04, 2012 between Palladam Hi- Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	Plot No. A63, Palladam Hi-Tech Weaving Park, Coimbatore - Trichy National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	Capital Consideration of ₹ 4,42,499/- ₹ 500/- per month	A period of 15 years commencing from April 04, 2012	
19.	Leave and License Agreement executed on September 09, 2015 between Palladam Hi-Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	Plot No. A64, Palladam Hi-Tech Weaving Park, Coimbatore - Trichy National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	Capital Consideration of ₹ 4,05,168/- ₹ 500/- per month	A period of 15 years commencing from September 09, 2015	
20.	Leave and License Agreement executed on September 09, 2015 between Palladam Hi-Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	Plot No. A65, Palladam Hi-Tech Weaving Park, Coimbatore - Trichy National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	Capital Consideration of ₹ 4,19,399/- ₹ 500/- per month	A period of 15 years commencing from September 09, 2015	
21.	Leave and License Agreement executed on October 13, 2016 between Palladam Hi-Tech Weaving Park (the "**Licensor**") and our Company (the "**Licensee**")	Plot No. A66, Palladam Hi-Tech Weaving Park, Coimbatore - Trichy National Highway, Sukkampalayam Village, Palladam, Tamil Nadu – 641 662, India.	Capital Consideration of ₹ 4,05,112 /- ₹ 500/- per month	A period of 15 years commencing from October 13, 2016	

OUR MANAGEMENT

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 six (06) Directors on our Board, which includes, one (01) Managing Director, and five (05) Independent Directors, one of whom is also the woman director of our Company.

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
Sangampalayam Vedanayagam Arumugam **DIN:** 00002458 **Date of Birth:** March 14, 1949 **Designation:** Chairman and Managing Director **Address:** 69/1-2, Bharathi Park, Cross Road No. 7, Saibaba Mission Colony, Coimbatore – 641 011, Tamil Nadu, India **Occupation:** Business **Term:** For a period of five (05) years w.e.f. June 27, 2018 and liable to retire by rotation. **Nationality:** Indian	72	i. Bannari Amman Trendz Private Limited; ii. Bannari Amman Retails Private Limited; iii. Young Brand Apparel Private Limited; iv. Bannari Amman Logistics Private Limited; v. Bannari Amman Properties Private Limited; vi. Accel Apparels Private Limited; vii. Abirami Amman Designs Private Limited; viii. Anamallais Motors Private Limited; ix. Senthil Infrastructure Private Limited; x. Anamallais Automobiles Private Limited; xi. Sakthi Murugan Transports Private Limited; xii. State Industries Promotion Corporation of Tamilnadu Limited; xiii. Murugan Enterprise Private Limited; xiv. Bannari Amman Flour Mill Private Limited; and xv. Anamallais Agencies Private Limited.
Sennimalai Gounder Palaniswami **DIN:** 00007901 **Date of Birth:** October 08, 1943 **Designation:** Independent Director **Address:** Door Number 08, Alamu Nagar, Sathy Road, Coimbatore - 641 012, Tamil Nadu, India. **Occupation:** Business **Term:** For a period of five (05) years with effect from August 25, 2019 **Nationality**: Indian	77	i. Shiva Mills Limited
Kodumudi Narayanaswami Venkata Ramani	89	i. Shiva Mills Limited; ii. LGB Forge Limited;

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
DIN: 00007931 **Date of Birth:** October 05, 1931 **Designation:** Independent Director **Address:** 154, Kalidas Road, Ramnagar, Coimbatore- 641 009, Tamil Nadu, India. **Occupation:** Practicing Advocate **Term:** For a period of five (05) years with effect from August 25, 2019 **Nationality:** Indian		iii. Shiva Texyarn Limited; iv. Sri Kannapiran Mills Limited; v. K.P.R. Mill Limited; and vi. K G Denim Limited.
Dr. Kugalur Ramasamy Thillainathan **DIN:** 00009400 **Date of Birth:** June 24, 1953 **Designation:** Independent Director **Address:** Door Number 15/11, Pavadi Street, Thottam, Kugalur Post, Gobichettipalayam Taluk, Erode - 638 313, Tamil Nadu, India. **Occupation:** Medical Practitioner **Term:** For a period of five (05) years with effect from August 25, 2019 **Nationality:** Indian	67	i. K K S Hospital Private Limited;
Kulandai Samy Gounder Sadhasivam **DIN:** 00610037 **Date of Birth**: February 28, 1947 **Designation**: Independent Director **Address**: 72, Kilakku Colony Attayampalayam, Gangapuram Post Chittodu (Via), Erode - 638 102, Tamil Nadu, India. **Occupation**: Business **Term:** For a period of five (05) years with effect from August 25, 2019 **Nationality:** Indian	73	i. Bannari Amman Trendz Private Limited; ii. Bannari Amman Retails Private Limited; iii. Young Brand Apparel Private Limited; iv. Accel Apparels Private Limited; v. Abirami Amman Designs Private Limited; and vi. MSS Realtors Private Limited.
Shanmugavelayutham Sihamani **DIN:** 06945399 **Date of Birth:** May 29, 1953 **Designation:** Independent Director	67	Nil

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
Address: Flat 1-F, Block B1, Sunny Side Apartments, Ramlakshman Nagar, Coimbatore - 641 028, Tamil Nadu, India. **Occupation:** Social Worker **Term:** For a period of five (05) years with effect from September 28, 2020 **Nationality:** Indian		

Brief Biographies of our Directors

Sangampalayam Vedanayagam Arumugam, aged 72 years, is the Chairman and Managing Director of our Company. He is also one of the Promoters and founding members of our Company and ensures effective functioning of our Company. He holds a bachelor's degree in science from University of Madras and is also an associate member of the Institute of Chartered Accountants of India. He has an experience of more than 34 years in the textile industry. He was also actively involved in various textile industrial bodies in various capacities. In the past he has held the position of chairman and the member in the committee of members of Confederation of Indian Textile Industry (CITI) one of the leading industry chambers of the textile and clothing sector of India. He has also held the position of chairman of the Southern India Mills Association (SIMA) from 2005 to 2007. Further, he was the vice chairman of Indian Wind Power Association from 2009 to 2017.

Sennimalai Gounder Palaniswami, aged, 77 years, is an Independent Director of our Company. He holds a bachelor's degree in engineering from University of Madras and has an experience of more than 41 years in the field of vertical transportation elevators, escalators and allied products. In the past, he has held the position of an Executive Director (Senior) on the board of directors of ETA Ascon Group, Dubai in an advisory capacity. He presently holds office of a director on the board of Shiva Mills Limited. He has been associated with our Company since 2008. In view of the General Circular dated June 09, 2014 issued by the Ministry of Corporate Affairs, he was re-appointed as an Independent Director of the Company under the Companies Act, 2013 for a period of five years with effect from August 25, 2014. He was appointed for a second term as an Independent Director of the Company for a further period of five years with effect from August 25, 2019.

Kodumudi Narayanaswami Venkata Ramani, aged, 89 years, is an Independent Director of our Company. He holds a bachelor's degree in arts from University of Madras and a degree in law from University of Madras. He is a partner of a law firm under the name, Ramani and Shankar. He has a practice of more than 61 years in the field of corporate law. He is director on the board of directors of several companies. He has been associated with our Company since 2005. In view of the General Circular dated June 09, 2014 issued by the Ministry of Corporate Affairs, he was re-appointed as an Independent Director of the Company under the Companies Act, 2013 for a period of five years with effect from August 25, 2014. He was appointed for a second term as an Independent Director of the Company for a further period of five years with effect from August 25, 2019.

Dr. Kugalur Ramasamy Thillainathan aged, 67 years, is an Independent Director of our Company. He holds a bachelor's degree in medicine and surgery from University of Madras and has an experience of 41 years in the medical profession. He is a director on the board of directors of KKS Hospital Private Limited. He has been associated with our Company since 2008. In view of the General Circular dated June 09, 2014 issued by the Ministry of Corporate Affairs, he was re-appointed as an Independent Director of the Company under the Companies Act, 2013 for a period of five years with effect from August 25, 2014. He was appointed for a second term as an Independent Director of the Company for a further period of five years with effect from August 25, 2019.

Kulandai Samy Gounder Sadhasivam, aged, 73 years, is an Independent Director of our Company. He holds a bachelor's degree in science from University of Madras and has an experience of 46 years in the transport business. He has been associated with our Company since 2006. In view of the General Circular dated June 09, 2014 issued by the Ministry of Corporate Affairs, he was re-appointed as an Independent Director of the Company under the Companies Act, 2013 for a period of five years with effect from August 25, 2014. He was appointed for a second term as an Independent Director of the Company for a further period of five years with effect from August 25, 2019.

Shanmugavelayutham Sihamani, aged 67 years**,** is an Independent Director of our Company. She has been engaged in social welfare activities for the past 15 years. She has been associated with our Company since 2014. She was appointed as an Independent Director of the Company for a period of five years with effect from September 28, 2015 and now has been re-appointed for her second term as an Independent Director of the Company for a further period of five years with effect from September 28, 2020.

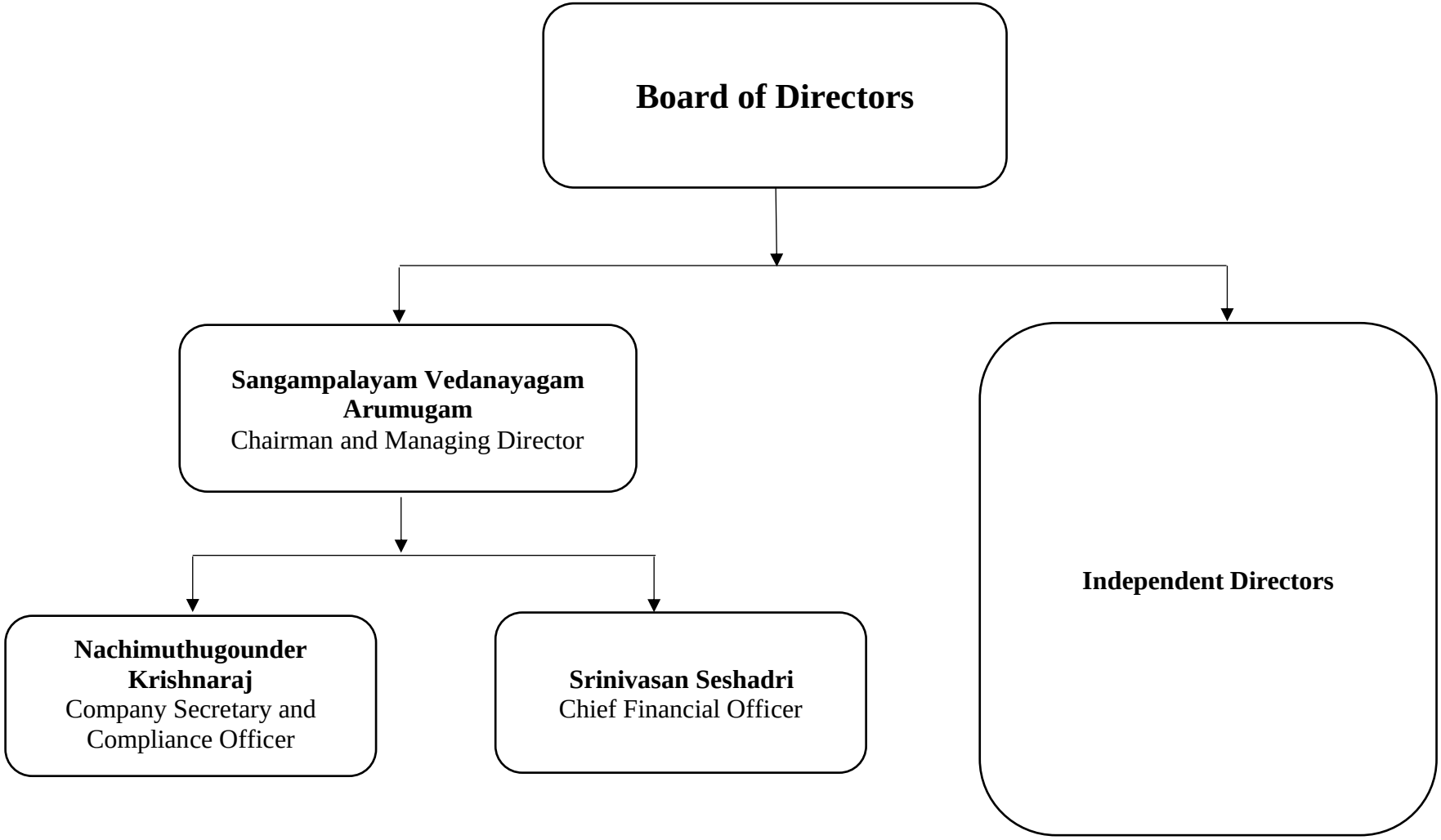
Confirmations

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:


Board of Directors
Sangampalayam Vedanayagam Arumugam
Chairman and Managing Director
Independent Directors
Nachimuthugounder Krishnaraj
Company Secretary and Compliance Officer
Srinivasan Seshadri
Chief Financial Officer

Corporate Governance

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, 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;
c) Nomination and Remuneration Committee; and
d) Corporate Social Responsibility 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 12, 2019 with the following members forming a part of the said Committee:

Sr. No.	Name of Member	Designation
1.	Kodumudi Narayanaswami Venkata Ramani	Chairman
2.	Sennimalai Gounder Palaniswami	Member
3.	Kulandai Samy Gounder Sadhasivam	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. Review 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. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

3. Approval of payment to statutory 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 Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

   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 relating to financial statements;

f) disclosure of any related party transactions; and

g) modified opinions 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, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of 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;

14. Discussion with Internal Auditors of any significant findings and follow up thereon;

15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

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

17. 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;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

21. To Review the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower

including existing loans/advances/ investments existing as on the date of coming into force of this provision; and

22. To mandatorily review the following information:
    - management discussion and analysis of financial condition and results of operations;
    - statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - management letters / letters of internal control weaknesses issued by the statutory auditors;
    - internal audit reports relating to internal control weaknesses; and
    - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
    - statement of deviations:
        - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
        - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

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 August 12, 2019. The members of the said Committee are as follows:

Sr. No.	Name of Member	Designation
1.	Sennimalai Gounder Palaniswami	Chairman
2.	Sangampalayam Vedanayagam Arumugam	Member
3.	Kulandai Samy Gounder Sadhasivam	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 of the listed entity 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 by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and

4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

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 August 12, 2019 with the following members:

Sr. No.	Name of Member	Designation
1.	Kodumudi Narayanaswami Venkata Ramani	Chairman
2.	Sennimalai Gounder Palaniswami	Member
3.	Kulandai Samy Gounder Sadhasivam	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) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3) Devising a policy on diversity of board of directors;

4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

6) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

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.

d. Corporate Social Responsibility Committee

Our Corporate Social Responsibility Committee was constituted on May 21, 2014 with the following members forming a part of the said Committee:

Sr. No.	Name of Member	Designation
1.	Sangampalayam Vedanayagam Arumugam	Chairman
2.	Sennimalai Gounder Palaniswami	Member
3.	Kulandai Samy Gounder Sadhasivam	Member

The Company Secretary acts as the secretary of the Corporate Social Responsibility Committee.

The terms of reference of the Corporate Social Responsibility Committee include the following:

1. To formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013;

2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;

3. To monitor the CSR policy of the Company from time to time;

4. Adhere to Section 135 of the Companies Act, 2013 & Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modifications, amendments or re-enactments thereto for the time being in force).

5. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

Additionally, our Company has constituted various operational committees such as the Banking and Borrowing Committee and 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:

Srinivasan Seshadri, aged 60 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in science from Madurai Kamaraj University and is as an associate member of the Institute of Chartered Accountants of India. He has been associated with our Company since June 27, 2018 in the capacity of Chief Financial Officer In the past, he has served in Shiva Distilleries Limited as its accounts officer and Shiva Texyarn Limited and Shiva Mills Limited as a Chief Financial Officer.

Nachimuthugounder Krishnaraj, aged 56 years, is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in commerce from Bharathiar University and is a member of the Institute of Company Secretaries of India. He is responsible for handling secretarial matters of our Company and was appointed with effect from August 03, 2007.

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 Promoters are Sangampalayam Vedanayagam Arumugam, Murugan Enterprise Private Limited and Sakthi Murugan Transports Private Limited. As on date of this Draft Letter of Offer, Sangampalayam Vedanayagam Arumugam and Murugan Enterprise Private Limited hold, in aggregate of 3,36,034 Equity Shares and 1,71,66,466 Equity Shares, constituting 1.07% and 54.48% of our issued, subscribed and paid-up equity share capital, respectively. As on date of this Draft Letter of Offer, Sakthi Murugan Transports Private Limited does not hold any Equity Shares in our Company.

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

Our Individual Promoter:

Sangampalayam Vedanayagam Arumugam

For details of the educational qualifications, experience, other directorships, positions / posts held by our Individual Promoter, please see the chapter titled "*Our Management*" on page 108 of this Draft Letter of Offer.

Our Corporate Promoters:

Murugan Enterprise Private Limited ("MEPL")

Corporate Information

MEPL, was incorporated on March 02, 1998 as a private limited company under the Companies Act, 1956 under the name and style '*Murughan Farms Private Limited'*. The name of MEPL was changed to '*Murugan Enterprise Private Limited*' pursuant to a fresh certificate of incorporation dated January 19, 2001 issued by the Registrar of Companies, Tamil Nadu, Coimbatore. The registered office of MEPL is situated at 69/1-2, Bharathi Park Cross Road No.7, Coimbatore- 641 011, Tamil Nadu, India.

MEPL is engaged in the business of *inter alia*, manufacturing, dealing, importing and exporting in all kinds of automobiles and to act as automobile (mechanical) engineers, repairers service engineers, assemblers, carriage builders, etc.

The promoters of MEPL are A. Umadevi and A. Senthil.

MEPL has not listed its Equity Shares or any other securities on any Stock Exchange.

MEPL is our Holding Company as it holds 54.48% of shareholding in our Company.

Brief Financial Details

Set forth below is the consolidated financial information of MEPL based on its audited financial statements for the last three fiscal years:

(*₹ in lakhs, except for per share data*)

Particulars	March 31, 2020*	March 31, 2019	March 31, 2018
Issued and paid-up Equity Share Capital	11.00	11.00	11.00
Reserves and Surplus (excluding revaluation reserves)	16,558.60	16,613.61	15,647.65
Sales / Turnover/Other Income	241.58	995.96	408.06
Profit / (Loss) after Tax	(47.63)	983.71	399.22
Basic and Diluted EPS per share	97.80	894.28	362.93
Net Asset Value per equity share	15,063.27	15,113.29	14,235.14

**The financial statements for the financial year ended March 31, 2021 have not been audited yet.*

Sakthi Murugan Transports Private Limited ("SMTPL")

Corporate Information

SMTPL, was incorporated on September 15, 1980 as a private limited company under the Companies Act, 1956 under the name and style '*Sakthi Murugan Transports Private Limited'*. SMTPL was converted from a private company to a public company, pursuant to a fresh certificate of incorporation dated March 30, 2011 issued by the Registrar of Companies, Tamil Nadu, Coimbatore. Consequently, the name of SMTPL was changed to '*Sakthi Murugan Transports Limited'*. Subsequently, SMTPL was again converted from a public company to a private company pursuant to a certificate of incorporation dated January 17, 2020 issued by the Registrar of Companies, Tamil Nadu and the name of SMTPL was changed to '*Sakthi Murugan Transports Private Limited'*. The registered office of SMTPL is situated at 252, Mettupalayam Road, Coimbatore – 641 043, Tamil Nadu, India.

SMTPL is engaged in the business of *inter alia,* public carriers, transporters and carriers of goods and passengers, materials, commodities, things, products and other luggages of all kinds or descriptions whatsoever, whether by running of motor vehicles of all kinds on land or by any conveyance whatsoever on rail, air and water, etc.

The promoters of SMTPL are A. Umadevi, A. Senthil, Anamallais Automobiles Private Limited, Senthil Infrastructure Private Limited and Anamallais Motors Private Limited.

SMTPL has not listed its Equity Shares or any other securities on any Stock Exchange.

Brief Financial Details

Set forth below is the financial information of SMTPL based on its audited financial statements for the last three fiscal years:

(*₹ in lakhs, except for per share data*)

Particulars	**March 31, 2020***	**March 31, 2019**	**March 31, 2018**
Issued and paid-up Equity Share Capital	5.00	5.00	5.00
Reserves and Surplus (excluding revaluation reserves)	668.60	682.95	650.76
Sales / Turnover	45.96	92.27	90.20
Profit / (Loss) after Tax	(2.30)	44.25	48.34
Basic and Diluted EPS per share	(4.59)	88.50	96.69
Net Asset Value per equity share	1,347.20	1,375.90	1,311.52

**The financial statements for the financial year ended March 31, 2021 have not been audited yet.*

Confirmations

1. None of our Promoters or members of our Promoter Group have been declared as wilful defaulters 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 Promoters have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

3. None of our Promoters 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 Promoters 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 Promoters.

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 122 of this Draft Letter of Offer.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, consolidated net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

Dividends paid on Equity Shares:

The dividends declared by the Company on the Equity Shares in each of the Financial Years ending 2020, 2019 and 2018, as per our Restated Financial Statements is given below:

Particulars	**Financial Performance**		
	For the year ended March 31, 2020	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Face value per share (in ₹)	10.00	10.00	10.00
Amount of Dividend (in ₹ lakhs)*	Nil	252.07	252.07
Dividend per share (in ₹)	Nil	1.60	1.60
Rate of dividend (%)	Nil	16%	16%
Dividend Tax (%)	Nil	20.55%	20.36%

* *Excluding dividend distribution tax*

The amount paid as dividends in the past is not necessarily indicative of our dividend policy or dividend amount, if any, in the future and there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see "*Risk Factor No. 55 – 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*" on page 45 of this Draft Letter of Offer.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

S. No.	Details	Page Number
1.	Unaudited Limited Reviewed Consolidated Financial Statements for the nine months periods ended December 31, 2020 and December 31, 2019.	123
2.	Restated Consolidated Audited Financial Statements as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018.	129
3.	Consolidated Accounting Ratios	180
4.	Consolidated Statement of Capitalisation	181

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BANNARI AMMAN SPINNING MILLS LIMITED
Regd. Office: 252, METTUPALAYAM ROAD, COIMBATORE - 641 043
Telephone: (0422) 2435555, 2447959 E-mail: accts@bannarimills.com
CIN: L17111TZ1989PLC002476 Website: www.bannarimills.com

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2020

[Rs. in Lakhs except per equity share data]

S.No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
I	Revenue from operations	25,309.12	23,485.70	24,207.07	59,072.30	68,812.45	92,497.28
II	Other income	30.63	52.24	1,356.09	544.46	1,436.79	1,847.31
III	**Total income (I + II)**	**25,339.75**	**23,537.94**	**25,563.16**	**59,616.76**	**70,249.24**	**94,344.59**
IV	**Expenses**						
	a) Cost of materials consumed	15,378.38	13,407.62	14,943.41	36,879.97	52,663.16	65,750.09
	b) Purchases of stock-in-trade	4.30	-	36.37	4.30	217.47	217.47
	c) Change in inventories of finished goods, stock-in-trade and work-in-progress	1,420.88	3,325.27	3,381.20	4,964.48	(5,846.20)	(1,009.50)
	d) Employee benefits expense	2,200.89	2,111.27	1,985.17	5,518.94	6,684.72	8,774.01
	e) Finance costs	1,412.48	1,545.79	1,725.08	4,369.28	4,894.73	6,495.71
	f) Depreciation and amortization expenses	706.97	662.38	811.78	2,119.92	2,490.27	2,831.16
	g) Other expenses	3,214.57	3,402.64	2,317.08	8,381.74	8,129.28	11,262.16
	Total expenses	**24,338.47**	**24,454.97**	**25,200.09**	**62,238.63**	**69,233.43**	**94,321.10**
V	**Profit/(loss) before tax (III - IV)**	**1,001.28**	**(917.03)**	**363.07**	**(2,621.87)**	**1,015.81**	**23.49**
VI	**Tax expenses / (income)**						
	Current tax	-	-	-	-	-	-
	Deferred tax	152.99	(140.11)	240.74	(400.62)	231.52	3.59
	Total tax expenses / (income)	**152.99**	**(140.11)**	**240.74**	**(400.62)**	**231.52**	**3.59**
VII	**Profit / (loss) after tax (V-VI)**	**848.29**	**(776.92)**	**122.33**	**(2,221.25)**	**784.29**	**19.90**
VIII	**Other comprehensive income/(loss)**						
	Item that will not be reclassified to profit or loss						
	i) Remeasurements of the defined benefit plans	-	-	-	-	-	83.28
	ii) Gain/(loss) on equity instruments designated at FVTOCI	-	-	-	-	-	-
	iii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	(25.98)
IX	**Total comprehensive income/(loss) for the period (VII+VIII)**	**848.29**	**(776.92)**	**122.33**	**(2,221.25)**	**784.29**	**77.20**
X	Paid-up equity share capital (Face value of Rs.10/- per share)	1,575.43	1,575.43	1,575.43	1,575.43	1,575.43	1,575.43
XI	Reserves (excluding revaluation reserve) as shown in the audited balance sheet	-	-	-	-	-	29,096.74
XII	Earnings per share (EPS) (of Rs.10/- each) (not annualised for quarters)						
	Basic and Diluted	5.38	(4.93)	0.78	(14.10)	4.98	0.13

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CIN: L17111TZ1989PLC002476 Website: www.bannarimills.com

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2020

[Rs. in Lakhs except earnings per equity share data]

S.No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
I	Revenue from operations	29,733.61	28,000.88	29,244.97	70,989.98	85,526.00	1,13,387.67
II	Other income	20.20	20.15	1,319.98	511.00	1,429.14	1,849.73
III	**Total income (I + II)**	**29,753.81**	**28,021.03**	**30,564.95**	**71,500.98**	**86,955.14**	**1,15,237.40**
IV	**Expenses**						
	a) Cost of materials consumed	17,329.16	16,268.40	17,764.98	42,833.89	62,178.49	77,365.84
	b) Purchases of stock-in-trade	72.18	(13.26)	124.09	60.52	224.58	230.08
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	2,019.58	3,243.19	3,136.62	6,133.52	(5,987.04)	(1,479.14)
	d) Employee benefits expense	3,496.35	3,169.09	3,273.41	8,589.43	10,769.14	14,263.96
	e) Finance costs	1,628.42	1,624.02	1,752.92	4,814.37	5,224.63	7,203.15
	f) Depreciation and amortization expenses	821.87	782.87	921.61	2,465.57	2,814.55	3,262.83
	g) Other expenses	3,437.01	3,798.13	2,930.14	9,328.22	9,739.36	13,387.16
	Total expenses	**28,804.57**	**28,872.44**	**29,903.77**	**74,225.52**	**84,963.71**	**1,14,233.88**
V	**Profit / (loss) before tax (III - IV)**	**949.24**	**(851.41)**	**661.18**	**(2,724.54)**	**1,991.43**	**1,003.52**
VI	**Tax expenses / (income)**						
	Current tax	-	-	-	-	-	-
	Deferred tax	145.46	(119.07)	339.37	(414.76)	541.76	413.03
	Total tax expenses / (income)	**145.46**	**(119.07)**	**339.37**	**(414.76)**	**541.76**	**413.03**
VII	**Profit / (loss) after tax (V-VI)**	**803.78**	**(732.34)**	**321.81**	**(2,309.78)**	**1,449.67**	**590.49**
VIII	**Other comprehensive income / (loss)**						
	Item that will not be reclassified to profit or loss						
	i) Remeasurements of the defined benefit plans	-	-	-	-	-	113.94
	ii) Gain/(loss) on equity instruments designated at FVTOCI	-	-	-	-	-	-
	iii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	(25.98)
IX	**Total comprehensive income / (loss) for the period (VII+VIII)**	**803.78**	**(732.34)**	**321.81**	**(2,309.78)**	**1,449.67**	**678.45**
	Profits / (loss) attributable to						
	Non-controlling interest	(10.90)	30.45	101.97	(20.47)	359.08	348.01
	Owners of the Company	814.68	(762.79)	219.84	(2,289.31)	1,090.59	242.48
	Other comprehensive income / (loss) attributable to						
	Non-controlling interest	-	-	-	-	-	14.92
	Owners of the Company	-	-	-	-	-	73.04
	Total comprehensive income / (loss) attributable to						
	Non-controlling interest	(10.90)	30.45	101.97	(20.47)	359.08	362.93
	Owners of the Company	814.68	(762.79)	219.84	(2,289.31)	1,090.59	315.52
X	Paid-up equity share capital (Face value of Rs.10/- per share)	1,575.43	1,575.43	1,575.43	1,575.43	1,575.43	1,575.43
XI	Reserves (excluding revaluation reserve) as shown in the audited balance sheet						29,658.21
XII	Earnings per share (EPS) (of Rs.10/- each) (not annualised for quarters)						
	Basic and Diluted	5.10	(4.65)	2.04	(14.66)	9.20	3.75

BANNARI AMMAN SPINNING MILLS LIMITED

Notes:

1 The above unaudited standalone and consolidated financial results ('the statement') for the quarter and nine months ended December 31, 2020 have been reviewed by the Audit Committee and have been approved by the Board of Directors at their meeting held on February 12, 2021. The Statutory auditors have reviewed the financial results and given unmodified opinion.

The Consolidated results include results of subsidiaries - Young Brand Apparel Private Limited, Bannari Amman Retails Private Limited, Bannari Amman Trendz Private Limited, Accel Apparels Private Limited and Abirami Amman Designs Private

2 The Group operates in one segment (i.e.) Textile business, and hence there are no reportable segments in accordance with Ind AS 108 on "Operating Segments".

3 Consolidated results for the quarter and nine months ended December 31, 2019 are extracted from the financial statements prepared by the management and approved by the parent company directors which are not subjected to limited review by the statutory auditors.

4 The outbreak of COVID-19 pandemic has affected the Company's regular operations. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Property, plant and equipment, Inventories, Receivables and Other assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has evaluated its liquidity position, recoverability and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.

5 Previous period figures have been regrouped / reclassified, wherever necessary.

For and on behalf of the Board of Directors

Place: Coimbatore
Date : 12.02.2021

S.V. Arumugam
Managing Director
DIN: 00002458

Deloitte
Haskins & Sells LLP

Chartered Accountants
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Door No. 62, A.T.T. Colony Road
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Tamil Nadu, India

Tel: +91 422 664 6500

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
BANNARI AMMAN SPINNING MILLS LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **BANNARI AMMAN SPINNING MILLS LIMITED** ("the Company"), for the quarter and nine months ended December 31, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel 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 specified under section 143(10) of the Companies Act, 2013 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 stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

Balaji M. N.
Partner
(Membership No. 202094)
UDIN: 21202094AAAABB9782

Place : Bengaluru
Date : February 12, 2021

Deloitte Haskins & Sells LLP

Chartered Accountants
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Tamil Nadu, India

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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
BANNARI AMMAN SPINNING MILLS LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **BANNARI AMMAN SPINNING MILLS LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and nine months ended December 31, 2020 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel 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 specified under Section 143(10) of the Companies Act, 2013 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. The Statement includes the results of the following entities:

   I. Bannari Amman Spinning Mills Limited (the Parent)
   II. Young Brand Apparel Private Limited (Subsidiary)
   III. Bannari Amman Retails Private Limited (Subsidiary)
   IV. Bannari Amman Trendz Private Limited (Subsidiary)
   V. Accel Apparels Private Limited (Subsidiary)
   VI. Abirami Amman Designs Private Limited (Subsidiary)

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The consolidated unaudited financial results includes the interim financial results of four subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total assets of Rs. 1,546.39 Lakhs as at December 31, 2020 and, total revenue of Rs. 102.77 Lakhs and Rs. 140.68 Lakhs for the quarter and nine months ended December 31, 2020, respectively total loss after tax of Rs. 33.46 Lakhs and Rs. 66.30 Lakhs for the quarter and nine months ended December 31, 2020 respectively and total comprehensive loss of Rs. 33.46 Lakhs and Rs. 66.30 Lakhs for the quarter and nine months ended December 31, 2020 respectively, as considered in the Statement. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

   Our Conclusion on the Statement is not modified in respect of our reliance on the interim financial results certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

Balaji M. N.
Partner
(Membership No. 202094)
UDIN : 21202094AAAABA4998

Place : Bengaluru
Date : February 12, 2021

Deloitte
Haskins & Sells LLP

Chartered Accountants
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Door No 62, A.T.T. Colony Road,
Coimbatore, Tamilnadu, 641 018,
Tamil Nadu, India

Tel.: +91 422 664 6500

INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors of
Bannari Amman Spinning Mills Limited

Dear Sirs,

1. We have examined, as appropriate (refer paragraph 6 below), the attached Restated Consolidated Financial Information of Bannari Amman Spinning Mills Limited (the "Company"), and its subsidiaries (collectively, the "Group"), which comprises of the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2020, 2019 and 2018, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash Flows for the years ended March 31, 2020, 2019 and 2018, and the Summary of Significant Accounting Policies and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company ("the Board") at their meeting held on March 11, 2021 for the purpose of inclusion in the Draft Letter of Offer and the Letter of Offer (collectively, the "Offer Documents") prepared by the Company in connection with its proposed Rights Issue of equity shares of the Company (the "Issue") prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

   b) 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 from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Coimbatore in connection with the proposed Issue. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2.1 to the Restated Consolidated Financial Information. The responsibility of the respective board of directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective board of directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined these Restated Consolidated Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 01, 2021 in connection with the proposed Issue of the Company;

   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated 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 Act, the ICDR Regulations and the Guidance Note in connection with the Issue.

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

4. These Restated Consolidated Financial Information have been compiled by the Management from the audited consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2020, 2019 and 2018, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time and other accounting principles generally accepted in India which have been approved by the Board at their meetings held on September 15, 2020, June 19, 2019 and June 27, 2018 respectively.

5. For the purpose of our examination, we have relied on reports issued by us dated September 15, 2020, June 19, 2019 and June 27, 2018 on the consolidated financial statements of the Group as at and for the years ended March 31, 2020, 2019 and 2018, respectively, as referred in Paragraph 4 above.

6. As indicated in our audit reports referred above,

a) We did not audit the financial statements of certain subsidiaries for the years ended March 31, 2020, 2019 and 2018 whose share of total assets, total revenues and net cash inflows / (outflows) included in the Restated Consolidated Financial Information, for the relevant years is for the relevant years is tabulated below, which have been audited by other auditors and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

(Rs in lakhs)

Particulars	As at/ for the year ended March 31, 2020	As at/ for the year ended March 31, 2019	As at/ for the year ended March 31, 2018
Total assets	894.41	Nil	Nil
Total revenue	111.04	Nil	Nil
Net cash inflows/ (outflows)	1.17	Nil	Nil

These other auditors of certain subsidiaries, as mentioned above, have examined the restated financial information and have confirmed that the restated financial information:

a) 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, 2019 and 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2020;

b) do not require any adjustment for modification as there is no modification in the underlying audit reports; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

b) we also did not audit the financial statements of certain subsidiaries for the years ended March 31, 2020, 2019 and 2018 whose share of total assets, total revenues and net cash inflows / (outflows) included in the Restated Consolidated Financial Information for the relevant years is tabulated below, the financial statements of these subsidiaries are unaudited and are included in these Restated Consolidated Financial Information, is based on such unaudited financial statements furnished to us by the management of the Company. Our opinion on the consolidated financial statements and the Restated Consolidated Financial Information, in so far relates as it relates to the amounts and disclosures included in respect of these subsidiaries are based solely on such unaudited financial statements.

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

(Rs in lakhs)

Particulars	As at/ for the year ended March 31, 2020	As at/ for the year ended March 31, 2019	As at/ for the year ended March 31, 2018
Total assets	10.52	10.63	10.65
Total revenue	0.49	0.52	0.52
Net cash inflows/ (outflows)	(0.09)	(0.11)	0.13

7. Based on our examination and according to the information and explanations given to us, and also as per the reliance placed on the reports submitted by other auditors on their audit/examination of financial statements/restated financial information of certain subsidiaries mentioned in paragraph 6 above, we report that the Restated Consolidated Financial Information:

   a) 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, 2019 and 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2020;

   b) do not require any adjustment for modification as there is no modification in the underlying audit reports; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated Ind AS financial statements mentioned in paragraph 4 above.

10. This report should not in any way be construed as a reissuance 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 Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Coimbatore in connection with the proposed Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

Balaji M N
Partner
(Membership No. 202094)
UDIN:21202094AAAABN3697

Place: Bengaluru
Date: March 19, 2021

BANNARI AMMAN SPINNING MILLS LIMITED
Restated Consolidated Financial Information
Amount in Rupees Lakhs except shares data or as otherwise stated
Restated Consolidated Statement of Assets and Liabilities

	Particulars	Note No.	As at 31-03-2020	31-03-2019	31-03-2018
	ASSETS				
1	**Non-current assets**				
	(a) Property, plant and equipment	3A	63,100.68	65,282.31	66,281.41
	(b) Other intangible assets	3B	9.37	13.39	17.58
	(c) Capital work-in-progress	3C	439.02	131.93	105.76
	(d) Right of use assets	31	845.59	940.54	677.98
	(e) Financial assets	4			
	(i) Investments	4.1	25.38	87.87	114.33
	(f) Deferred tax assets	29B	0.80	58.30	119.18
	(g) Other non-current assets	5	1,477.36	1,060.89	1,034.76
	Total non-current assets		**65,898.20**	**67,575.23**	**68,351.00**
2	**Current assets**				
	(a) Inventories	6	32,655.76	31,799.11	32,009.28
	(b) Financial assets	7			
	(i) Trade receivables				
	(A) Trade receivables - Unsecured	7.1	16,657.65	18,958.93	12,407.18
	(B) Trade receivables - Credit impaired	7.1	-	-	-
	(ii) Cash and cash equivalents	7.2	3,424.40	1,060.15	1,662.29
	(iii) Bank balances other than (ii) above	7.2	167.11	264.75	19.71
	(iv) Loans	7.3	37.97	47.94	61.95
	(v) Other financial assets	7.4	1,820.38	1,512.81	2,169.12
	(c) Current tax assets	7.5	166.99	305.00	-
	(d) Other current assets	8	3,825.20	4,756.42	4,257.11
	(e) Assets classified as held for sale	3E	56.72	56.72	56.72
	Total current assets		**58,812.18**	**58,761.83**	**52,643.36**
	Total assets (1+2)		**1,24,710.38**	**1,26,337.06**	**1,20,994.36**
	EQUITY AND LIABILITIES				
1	**Equity**				
	(a) Equity share capital	9	1,575.43	1,575.43	1,575.43
	(b) Other equity	10	29,658.21	29,646.91	27,899.04
	Equity attributable to the owners of the Holding Company		**31,233.64**	**31,222.34**	**29,474.47**
	Non-controlling interest		3,485.30	3,122.38	2,875.75
	Total equity		**34,718.94**	**34,344.72**	**32,350.22**
	Liabilities				
2	**Non-current liabilities**				
	(a) Financial liabilities	11			
	(i) Borrowings	11.1	19,616.95	22,561.27	27,014.02
	(ii) Lease liabilities	31	176.13	247.55	28.50
	(b) Deferred tax liabilities (net)	29B	3,274.52	2,893.81	3,232.64
	(c) Provisions	12.1	231.21	126.27	112.57
	(d) Other non-current liabilities	12.2	988.47	1,177.94	1,243.21
	Total non - current liabilities		**24,287.28**	**27,006.84**	**31,630.94**
3	**Current liabilities**				
	(a) Financial liabilities	13			
	(i) Borrowings	13.1	42,010.52	44,377.78	39,491.56
	(ii) Trade payables				
	(a) Total outstanding dues of micro and small enterprises	13.2	809.51	775.95	-
	(b) Total outstanding dues of creditors other than micro and small enterprises	13.2	13,922.97	10,454.85	10,831.22
	(iii) Lease liabilities	31	80.28	95.96	55.04
	(iv) Other financial liabilities	13.3	6,520.04	5,866.34	4,807.81
	(b) Provisions	14	306.71	800.56	269.31
	(c) Other current liabilities	15	2,054.13	2,614.06	1,558.26
	Total current liabilities		**65,704.16**	**64,985.50**	**57,013.20**
	Total equity and liabilities (1+2+3)		**1,24,710.38**	**1,26,337.06**	**1,20,994.36**
	See accompanying notes to the restated consolidated financial statements	1-40			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

BALAJI M.N.
Partner
Bengaluru
March 19, 2021

For and on behalf of the Board of Directors

S.V. ARUMUGAM
Chairman & Managing Director
DIN 00002458

K. SADASHIVAM
Director
DIN 00610037

N. KRISHNARAJ
Company Secretary
ACS No. 20472

S. SESHADRI
Chief Financial Officer

Coimbatore
11-03-2021

BANNARI AMMAN SPINNING MILLS LIMITED
Restated Consolidated Financial Information
Amount in Rupees Lakhs except shares data or as otherwise stated
Restated Consolidated Statement of Profit and Loss

	Particulars	Note No.	For the year ended		
			31/03/2020	31/03/2019	31/03/2018
I	Revenue from operations	16	113,387.67	117,448.94	100,785.78
II	Other income	17	1,849.73	885.22	597.37
III	**Total Revenue (I + II)**		115,237.40	118,334.16	101,383.15
IV	**Expenses**				
	(a) Cost of materials consumed	18A	77,365.84	80,350.76	70,171.96
	(b) Purchase of stock-in-trade	18B	230.08	110.75	1,227.37
	(c) Changes in stock of finished goods, work-in-progress and stock in trade	19	(1,479.14)	(2,995.21)	(3,960.78)
	(d) Employee benefits expense	20	14,263.96	13,699.08	11,300.64
	(e) Finance costs	21	7,203.15	6,730.77	6,010.32
	(f) Depreciation and amortisation expenses	3D & 31	3,262.83	3,473.24	3,178.60
	(g) Other expenses	22	13,387.16	14,439.85	12,338.96
	Total Expenses		114,233.88	115,809.24	100,267.07
V	**Restated profit before tax and share of net profit from joint venture (III - IV)**		1,003.52	2,524.92	1,116.08
VI	Restated share of net profit from joint venture accounted for using equity method		-	-	37.66
VII	**Restated profit before tax (V - VI)**		1,003.52	2,524.92	1,153.74
VIII	**Tax expense**				
	(1) Current tax				
	a) Current tax expense	29A	-	428.49	172.00
	b) Income tax relating to earlier years	29A	-	-	(15.31)
	(2) Deferred tax				
	a) Deferred tax	29A	413.03	79.47	187.40
	b) MAT credit	29A	-	(428.54)	(172.00)
	c) MAT credit lapsed written off	29A	-	74.05	-
	Total tax expense		413.03	153.47	172.09
IX	**Restated profit for the year (VII - VIII)**		590.49	2,371.45	981.65
X	**Restated other comprehensive income/(loss)**		87.96	(68.41)	493.64
	A i) Items that will not be reclassified to profit or loss				
	a) Remeasurements of the defined benefit liabilities / (assets)		113.94	(70.31)	(4.98)
	b) Gain/(loss) on equity instruments designated at FVTOCI		-	(1.01)	-
	ii) Income tax relating to items that will not be reclassified to profit or loss		(25.98)	2.91	(1.10)
	B i) Items that may be reclassified to profit or loss	3D	-	-	723.19
	ii) Income tax relating to items that will be reclassified to profit or loss		-	-	(223.47)
XI	**Total restated comprehensive income for the year (IX + X)**		678.45	2,303.04	1,475.29
	Restated profits attributable to				
	Non-controlling interest		348.01	275.40	100.12
	Owners of the Company		242.48	2,096.05	881.53
	Restated other comprehensive income attributable to				
	Non-controlling interest		14.92	(28.77)	(4.16)
	Owners of the Company		73.04	(39.64)	497.80
	Total restated comprehensive income attributable to				
	Non-controlling interest		362.93	246.63	95.96
	Owners of the Company		315.52	2,056.41	1,379.33
XII	Earnings per equity share: in Rs.	28			
	1) Basic		3.75	15.05	6.23
	2) Diluted		3.75	15.05	6.23
	See accompanying notes to the restated consolidated financial statements	1-40			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

BALAJI M.N.
Partner

Bengaluru
March 19, 2021

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

S.V. ARUMUGAM
Chairman & Managing Director
DIN 00002458

K. SADASHIVAM
Director
DIN 00610037

S. KRISHNARAJ
Company Secretary
ACS No. 20472

S. SESHADRI
Chief Financial Officer

Coimbatore
11/03/2021

BANNARI AMMAN SPINNING MILLS LIMITED
Restated Consolidated Financial Information
Amount in Rupees Lakhs except shares data or as otherwise stated
Restated Consolidated Statement of changes in equity

a) Equity share capital	Amount
As at 1-Apr-17	1,575.43
Balance as at 31-Mar-18	1,575.43
As at 1-Apr-18	1,575.43
Balance as at 31-Mar-19	1,575.43
As at 1-Apr-19	1,575.43
Balance as at 31-Mar-20	1,575.43

b) Other equity

Particulars	Securities premium account	General reserve	Retained earnings (Refer note 10)	Items of other comprehensive income			Other Equity attributable to the owners of the Holding Company	Non-controlling interest	Total other equity
				Remeasurements of the defined benefit liabilities / (asset)	Equity instruments through other comprehensive income	Other items of other comprehensive income (Refer Note No.3D)			
As at 1-Apr-17	7,934.76	16,295.22	2,686.32	(35.32)	4.49	-	26,881.47	-	26,881.47
Profit for the year	-	-	881.53	-	-	-	881.53	100.12	981.65
Cash dividends	-	-	(283.58)	-	-	-	(283.58)	-	(283.58)
Tax on dividends	-	-	(57.79)	-	-	-	(57.79)	-	(57.79)
Other comprehensive income (net of taxes)	-	-	-	(1.92)	-	499.72	497.80	(4.16)	493.64
Acquired on Business combination (Refer Note 3D)	-	-	-	-	-	-	-	2,779.79	2,779.79
Impact on account of initial application of Ind AS 116 (Refer Note 31)	-	-	-	(20.39)	-	-	(20.39)	-	(20.39)
Balance as at 31-Mar-18	**7,930.76**	**16,295.22**	**3,226.48**	**(57.63)**	**4.49**	**499.72**	**27,899.04**	**2,875.75**	**30,774.79**
As at 1-Apr-18	7,930.76	16,295.22	3,226.48	(57.63)	4.49	499.72	27,899.04	2,875.75	30,774.79
Profit for the year	-	-	2,096.05	-	-	-	2,096.05	275.40	2,371.45
Cash dividends	-	-	(252.07)	-	-	-	(252.07)	-	(252.07)
Tax on dividends	-	-	(51.81)	-	-	-	(51.81)	-	(51.81)
Other comprehensive income (net of taxes)	-	-	-	(43.29)	(1.01)	-	(44.30)	(28.77)	(73.07)
Balance as at 31-Mar-19	**7,930.76**	**16,295.22**	**5,018.65**	**(100.92)**	**3.48**	**499.72**	**29,646.91**	**3,122.38**	**32,769.29**
As at 1-Apr-19	7,930.76	16,295.22	5,018.65	(100.92)	3.48	499.72	29,646.91	3,122.38	32,769.29
Profit for the year	-	-	242.48	-	-	-	242.48	348.01	590.49
Cash dividends [Refer Note 9(iii)]	-	-	(252.07)	-	-	-	(252.07)	-	(252.07)
Tax on dividends [Refer Note 9(iii)]	-	-	(52.13)	-	-	-	(52.13)	-	(52.13)
Other comprehensive income (net of taxes)	-	-	-	73.04	-	-	73.04	14.92	87.96
Impact on account of initial application of Ind AS 116 (Refer Note 31)	-	-	-	-	-	-	-	-	-
Balance as at 31-Mar-20	**7,930.76**	**16,295.22**	**4,956.93**	**(27.88)**	**3.48**	**499.72**	**29,658.23**	**3,485.31**	**33,143.54**

In terms of our report attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

BALAJI M.N.
Partner

Bengaluru
March 19, 2021

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

S.V.ARUMUGAM
Chairman & Managing Director
DIN 00002458

K.KRISHNARAJ
Company Secretary
ACS No. 20472

R. SADASHIVAM
Director
DIN 00610037

S. SESHADRI
Chief Financial Officer

Coimbatore
11/03/2021

BANNARI AMMAN SPINNING MILLS LIMITED
Restated Consolidated Financial Information
Amount in Rupees Lakhs except shares data or as otherwise stated
Restated Consolidated Statement of cashflows

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	**1,003.52**	**2,524.92**	**1,116.08**
Adjustments for:			
Depreciation and amortization expenses	3,262.83	3,473.24	3,178.60
Profit on sale of property, plant and equipment	(1,709.18)	(62.06)	(45.04)
Profit / (loss) on sale of investments	3.83	(7.32)	5.26
Finance costs	7,203.15	6,730.77	6,010.32
Interest income	(97.17)	(62.98)	(70.73)
Dividend income	-	-	(0.03)
Allowance for doubtful trade receivables and bad debts written off	159.57	53.27	31.30
Net unrealised exchange (gain)	(243.51)	(473.97)	23.60
Operating profit before working capital changes	9,583.04	12,175.87	10,249.36
Changes in working capital:			
Adjustments for increase / (decrease) in operating assets:			
Financial assets			
Trade receivables	2,141.71	(6,557.02)	(1,317.58)
Loans	9.97	14.01	(42.85)
Other financial assets	220.48	961.14	(1,704.07)
Non-financial assets			
Inventories	(856.65)	210.17	(8,372.19)
Other non-financial assets	628.69	(364.49)	(1,054.00)
Adjustments for increase / (decrease) in operating liabilities:			
Financial liabilities			
Trade payables	3,501.68	(304.95)	7,081.91
Other financial liabilities	(17.91)	(72.02)	(3,172.77)
Non-financial liabilities			
Provisions	(79.91)	161.00	216.12
Other non-financial liabilities	(589.44)	1,132.73	626.29
	14,541.66	7,356.44	2,510.22
Net income tax paid	(171.79)	(512.31)	(244.26)
Net cash flow from operating activities (A)	**14,369.87**	**6,844.13**	**2,265.96**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property plant and equipment, including capital advances	(2,591.98)	(2,786.72)	(5,148.67)
Margin money deposits	98.00	(244.47)	381.60
Investments made in subsidiary	-	-	(304.95)
Purchase of other investments	-	(2.49)	(5.69)
Sales of other investments	58.66	35.26	75.67
Proceeds from sale of property, plant and equipment	3,043.04	345.29	53.52
Interest received	83.47	60.22	91.04
Dividend received	-	-	0.03
Net cash flow from / (used in) investing activities (B)	**691.19**	**(2,592.91)**	**(4,857.45)**

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current borrowings	2,200.00	1,060.00	7,060.99
Repayment of non-current borrowings	(4,653.04)	(3,601.73)	(6,840.65)
Increase / (decrease) in working capital borrowings	(2,367.26)	4,886.22	7,956.21
Payment of dividend including tax thereon	(304.20)	(303.88)	(341.36)
Repayment of operating lease liabilities	(117.92)	(81.41)	(49.96)
Interest paid on lease liabilities	(9.97)	(15.66)	(11.44)
Finance costs paid	(7,444.42)	(6,796.90)	(5,969.19)
Net cash flow used in financing activities (C)	**(12,696.81)**	**(4,853.36)**	**1,804.60**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**2,364.25**	**(602.14)**	**(786.89)**
Add: Cash and cash equivalents at the beginning of the year/period	1,060.15	1,662.29	1,786.32
Add: Cash and cash equivalents acquired on acquisition	-	-	662.86
Cash and cash equivalents at the end of the year *	**3,424.40**	**1,060.15**	**1,662.29**
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:			
Cash and cash equivalents as per Balance Sheet (Refer note 7.2)	3,591.51	1,324.90	1,682.00
Less: Bank balances not considered as cash and cash equivalents, as defined in Ind AS 7 Cash Flow Statements:			
(i) In earmarked accounts			
- Margin money deposits	(164.00)	(262.00)	(17.53)
- Unpaid dividends account	(3.11)	(2.75)	(2.18)
Cash and cash equivalents as per Cash Flow Statement	**3,424.40**	**1,060.15**	**1,662.29**
* Comprises:			
(a) Cash on hand	8.16	10.05	19.46
(b) Cheques/drafts on hand	3.50	161.00	73.00
(c) Balances with banks:			
(i) In current accounts	818.00	453.39	968.83
(ii) In deposit accounts	2,594.74	435.71	601.00
Total	3,424.40	1,060.15	1,662.29
See accompanying notes to the restated consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

BALAJI M.N.
Partner

Bengaluru
March 19, 2021

DELOITTE HASKINS & SELLS LLP COIMBATORE-18 CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

S.V. ARUNMUGAM
Chairman & Managing Director
DIN 00002458

K. SADASHIVAM
Director
DIN 00610037

N. KRISHNARAJ
Company Secretary
ACS No. 20472

S. SESHADRI
Chief Financial Officer

Coimbatore
11/03/2021

BANNARI AMMAN SPINNING MILLS LIMITED

Restated Consolidated Financial Information

Amount in Rupees Lakhs except shares data or as otherwise stated

Notes to the Restated consolidated financial information

Note No.	Particulars
1.	**Corporate information** Bannari Amman Spinning Mills Limited (the "Company") is a integrated textile company engaged in the manufacture of cotton yarn, knitted & woven fabrics, pocessing of fabrics, finished garments, home textiles and wind power generation. The company was incorporated in the year 1989 and issued shares to the public in the year 2006.
2.	**Significant accounting policies** This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.
2.1	**(a) Basis of accounting and preparation of financial statements** The Restated Consolidated Financial Information of the Company and its subsidiaries (the Company and its subsidiaries together called as the "Group") comprise of the Restated Consolidated Statement of Assets and Liabilities as at 31 March 20, 31 March 19 and 31 March 18, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash Flows for the years ended 31 March 20, 31 March 19 and 31 March 18, and the Summary of Significant Accounting Policies and explanatory notes (collectively, the 'Restated Consolidated Financial Information'). These restated Consolidated Financial information have been prepared by the management of the Company for the purpose of inclusion in the draft letter of offer and letter of offer (collectively the "Offer Documents"), prepared by the companay in terms of the requirements of (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act"); (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("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"): These Restated Consolidated Financial Information have been compiled by the Management from: a. audited Ind AS financial statements of the Company as at and for the years ended 31 March 20, 31 March 19 and 31 March 18 prepared in accordance with Ind AS 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, which have been approved by the Board of Directors of the Company at their meetings held on 15.09.2020, 19.06.2019 and 27.06.2018 respectively. The accounting policies have been consistently applied by the company in preparation of the restated consolidated financial statements and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2020. These restated consolidated financial information do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited consolidated financial statements mentioned above. The restated consolidated financial information a. have been prepared after incorporating adjustment for the changes in accounting policies material errors and regrouping/re-classifications retrospectively in the financial year ended March 31 2020, 2019 and 2018 to reflect the same accounting treatment as per the accounting policy and grouping / classification followed as at and for the year ended March 31, 2020 b. do not require any adjustments for modifications as there is no modification in the underlying audit reports. Appropriate regroupings have been made in the restated statement of assets and liabilities, profit and loss and cash flows wherever required by reclassification of the corresponding items of incomes, expense, assets liabilities and cash flows in order to bring them in line with the accounting policies and classification as per financial statements of the group prepared in accordance with schedule III of the Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. **(i) Compliance with Ind AS** The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act as amended from time to time. The Company has consistently applied accounting policies to all periods. **(ii) Historical cost convention** The financial statements have been prepared on a historical cost basis, except for the following: a) Certain property, plant and equipment, financial assets and liabilities that are measured at fair value b) Defined benefit plans – plan assets measured at fair value c) Assets held for sale – measured at fair value less cost to sell

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(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The carrying amount of equity accounted investments are tested for impairment.

The consolidated Ind AS financial statements of the Group include subsidiaries/joint ventures which are incorporated in India in the table below:

Name of the entity	31/03/2020	31/03/2019	31/03/2018
Young Brand Apparel Private Limited	51.33%	51.33%	51.33%
Accel Apparels Private Limited	100.00%	100.00%	100.00%
Abirami Amman Designs Private Limited (Formerly Abirami Amman Mills Private Limited)	100.00%	100.00%	100.00%
Bannari Amman Trendz Private Limited	100.00%	100.00%	-
Bannari Amman Retails Private Limited	100.00%	100.00%	-

2.2 **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker.

2.3 **Use of estimates**

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Impairment of investments in subsidiaries

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

b) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

c) Deferred tax assets

The carrying amount of deferred tax asset is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

d) Employee benefits

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

e) Impact of Covid-19

The outbreak of COVID-19 pandemic and the resulting lockdown enforced from March 23, 2020 has affected the Company's regular operations. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Property, plant and equipment, Inventories, Receivables and Other assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has evaluated its liquidity position, recoverability and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.

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2.4	**Inventories** Inventories are valued at lower of cost and net realisable value. Cost of raw materials, Packing materials, Stores and Spares and consumables are valued at cost on First-In-First-Out (FIFO) basis. Value of finished goods and work-in-progress are determined on First-In First-Out (FIFO) basis and include appropriate share of overheads.
2.5	**Cash and cash equivalents** Cash and cash equivalents comprise cash on hand and demand deposits with banks other than deposits pledged with government authorities and margin money deposits. Cash and cash equivalent 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 insignificant risk of changes in value. Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.
2.6	**Cash flow statement** Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
2.7	**Taxes on income** **a) Current tax** The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted and are applicable as at the end of the reporting period. In the absence of adequate taxable profits, the Company is required to pay Minimum Alternate Tax (MAT) on the book profits, as adjusted for certain provisions. **b) Deferred tax** Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. MAT paid in accordance with the tax laws, if any, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Accordingly, MAT is recognised as a deferred tax asset in the Balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. **c) Current and deferred tax for the year** Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.
2.8	**a) Property, plant and equipment** The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

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Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.

h) 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 related incidental expenses.

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

2.9 **Leases**

Ind AS 116 - Leases, has become applicable effective annual reporting period beginning April 1, 2019. The Company has adopted the standard beginning April 1, 2019, using the modified retrospective approach for transition. Accordingly, the Company has not restated the comparative information, instead the cumulative effect of initially applying the standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

2.10 **Revenue recognition**

Effective from 1st April 2018 the Company has adopted Ind AS 115, Revenue from Contracts with Customers. The company has adopted full retrospective adoption in which standard is applicable to all the periods presented, including comparative period.The revenue is recognised as follows :

Revenue is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. However, Goods and Services tax (GST) are not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

(i) Sale of goods

Revenue from sale of goods is recognised when control of the goods is transferred to the Customers. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

(ii) Time and material:

Revenue from time and material contracts are recognised as and when services are rendered to the customer. These are based on the efforts spent and rates agreed with the customer. Revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

(iii) Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Other operating revenue:

Income incidental to exports such as duty drawback, Merchandise Exports from India Scheme (MEIS), income from import entitlement and premium on sale of such entitlement are recognised when there is a reasonability of collection.

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2.11	**Employee benefits** Employee benefits include provident fund, employee state insurance, gratuity fund and compensated absences. **a. Retirement benefit costs and termination benefits** Payments to defined contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit Retirement Benefit Plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. **b. Defined benefit costs are categorised as follows** -service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); -net interest expense or income; and -remeasurement For defined benefit plan, in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. The gratuity fund is maintained with Life Insurance Corporation of India. The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs. **c. Short-term and other long term employee benefits** A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.
2.12	**Foreign currency transactions and translations** **i) Functional and presentation currency** Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency. **ii) Transactions and balances** Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses). Also refer note 2.1(1). Non-monetary assets and liabilities measured in terms of historical cost in foreign currencies are not retranslated. Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.
2.13	**Borrowings and borrowing cost** Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

2.14 **Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.15 **Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.16 **Financial instruments**

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, financial liabilities like loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, equity instruments at FVTOCI or fair value through profit and loss account (FVTPL) and financial liabilities at amortised cost or FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) Non-derivative financial assets

i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.

ii) Equity instruments at FVTOCI

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

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iii) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

iv) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

b) Non-derivative financial liabilities

i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

ii) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Finance costs' line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

iii) Derecognition of non-derivative financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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2.17	**Impairment** **a) Financial Assets** In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. 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. Lifetime 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 reporting date. 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 : i) 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. ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. As practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below: Financial assets measured at amortised cost, contractual revenue receivable: ECL 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. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount. **b) Non-financial assets** The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss. The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").
2.18	**Government grants** Grants from the government are recognised when there is reasonable assurance that: (i) the Company will comply with the conditions attached to them; and (ii) the grant will be received. Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset. Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized as government rate. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.
2.19	**Operating cycle** Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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		As at		
3A	Property, plant and equipment, other intangible assets and capital work-in-progress			
	Carrying amounts of	**31/03/2020**	**31/03/2019**	**31/03/2018**
	Own land	7,814.26	7,851.51	7,851.51
	Building - own	12,439.29	12,787.07	13,033.52
	Building on leasehold land	1,372.19	1,370.11	1,418.96
	Plant and machinery	40,886.88	42,633.79	43,398.09
	Office equipment	171.85	199.01	235.06
	Furniture and fittings	362.67	372.53	256.10
	Vehicles	51.75	66.50	86.38
	Tools and implements	1.79	1.79	1.79
	Total	**63,100.68**	**65,282.31**	**66,281.41**
3B	Intangibe assets - Computer software	9.37	13.39	17.58
	Total	**9.37**	**13.39**	**17.58**
3C	Capital work-in-progress	439.02	131.93	105.76
	Total	**439.02**	**131.93**	**105.76**

Description of Assets	Tangible Assets									Intangible Assets
	Own land	Building - own	Building on leasehold land	Plant and machinery	Office equipment	Furniture and fittings	Vehicles	Tools and implements	Total	Computer Software
1. Gross carrying value										
As at 1-Apr-17	4,977.21	11,374.42	1,350.30	41,250.76	303.94	103.57	128.34	1.89	59,490.43	-
Acquisition on business combination [Refer note 3D]	2,875.20	1,542.73	-	2,505.72	93.64	37.03	0.34	-	7,054.66	22.28
Additions	0.67	1,043.01	140.49	4,219.49	34.12	169.33	8.59	-	5,615.70	-
Disposals	(1.57)	(4.34)	-	(32.12)	-	-	(14.67)	-	(52.70)	-
Balance as at 31-Mar-18	**7,851.51**	**13,955.82**	**1,490.79**	**47,943.85**	**431.70**	**309.93**	**122.60**	**1.89**	**72,108.09**	**22.28**
As at 1-Apr-18	**7,851.51**	**13,955.82**	**1,490.79**	**47,943.85**	**431.70**	**309.93**	**122.60**	**1.89**	**72,108.09**	**22.28**
Additions	-	374.81	-	2,025.57	76.61	168.34	-	-	2,645.33	-
Disposals	-	(114.91)	-	(198.19)	-	-	(14.34)	-	(327.44)	-
Balance as at 31-Mar-19	**7,851.51**	**14,215.72**	**1,490.79**	**49,771.23**	**508.31**	**478.27**	**108.26**	**1.89**	**74,425.98**	**22.28**
As at 1-Apr-19	**7,851.51**	**14,215.72**	**1,490.79**	**49,771.23**	**508.31**	**478.27**	**108.26**	**1.89**	**74,425.98**	**22.28**
Additions	-	476.44	51.51	1,640.94	67.20	49.21	-	-	2,285.30	-
Disposals	(37.25)	(476.67)	-	(3,139.94)	(0.02)	-	-	-	(3,653.88)	-
Balance as at 31-Mar-20	**7,814.26**	**14,215.49**	**1,542.30**	**48,272.23**	**575.49**	**527.48**	**108.26**	**1.89**	**73,057.40**	**22.28**

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II. Accumulated depreciation/amortisation										
As at 1-Apr-17	-	415.42	27.01	2,152.56	110.41	3.48	36.08	0.05	2,745.01	-
Depreciation / amortisation expenses for the year	-	506.88	44.82	2,424.58	86.23	50.35	12.97	0.05	3,125.88	4.70
Disposals	-	-	-	(31.38)	-	-	(12.83)	-	(44.21)	-
Balance as at 31-Mar-18	-	922.30	71.83	4,545.76	196.64	53.83	36.22	0.10	5,826.68	4.70
As at 1-Apr-18	-	922.30	71.83	4,545.76	196.64	53.83	36.22	0.10	5,826.68	4.70
Depreciation / amortisation expenses for the year	-	517.92	48.85	2,639.74	112.66	51.91	19.16	-	3,390.24	4.19
Disposals	-	(11.57)	-	(48.06)	-	-	(13.62)	-	(73.25)	-
Balance as at 31-Mar-19	-	1,428.65	120.68	7,137.44	309.30	105.74	41.76	0.10	9,143.67	8.89
As at 1-Apr-19	-	1,428.65	120.68	7,137.44	309.30	105.74	41.76	0.10	9,143.67	8.89
Depreciation / amortisation expenses for the year	-	523.53	49.43	2,391.93	94.36	59.07	14.75	-	3,133.07	4.02
Disposals	-	(175.98)	-	(2,144.02)	(0.02)	-	-	-	(2,320.02)	-
Balance as at 31-Mar-20	-	1,776.20	170.11	7,385.35	403.64	164.81	56.51	0.10	9,956.72	12.91
Net carrying value (I-II)										
Balance as at 31-Mar-18	7,851.51	13,033.52	1,418.96	43,398.09	235.06	256.10	86.38	1.79	66,281.41	17.58
Balance as at 31-Mar-19	7,851.51	12,787.07	1,370.11	42,633.79	199.01	372.53	66.50	1.79	65,282.31	13.39
Balance as at 31-Mar-20	7,814.26	12,439.29	1,372.19	40,886.88	171.85	362.67	51.75	1.79	63,100.68	9.37

Amount pertaining to the lease hold land and building comprised in the property, plant and equipment schedule represented by 252,841 equity shares of Rs.10/- each of Section 8 Company and Leave and license agreement.

3D Depreciation and amortisation expenses

Particulars	31/03/2020	31/03/2019	31/03/2018
Tangible assets	3,133.07	3,390.24	3,125.88
Intangibe assets	4.02	4.19	4.70
Depreciation on Right-of-use assets	125.74	78.81	48.02
	3,262.83	3,473.24	3,178.60

3E The Company entered into an agreement to sell dated March 30, 2011 with Shiva Tex Yarn Limited for the sale of part of land situated at Velvarkottai, Dindigul and Kodangipalayam, Karanampet, Coimbatore, valued at Rs.56,72,085/-. Accordingly the said amount is disclosed as assets held for sale.

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3F Business Combination

(a) Summary of acquisition

As at April 1, 2017 the Holding Company held 33.33% of equity interest in Young Brand Apparel Priavte Limited ("YBAPL") , a manufacturer of ready made garments. Accordingly YBAPL was considered as a Joint Venture till July 5, 2017. On July 6, 2017 the Holding Company acquired additional 18% of the issued share capital of YBAPL. This acquisition of controlling stake will enable the group to expand its market in India with respect to ready made garments.

The assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	Amount
Assets	
Property plant and equipment	7,076.94
Deferred tax asset	261.70
Inventories	3,879.72
Trade Receivables	2,605.62
Cash & bank balances	662.86
Other Current Assets	1,067.98
Loans and Advances	203.21
	15,758.03
Liabilities	
Secured Borrowings	6,159.77
Unsecured Borrowings	212.99
Current Liabilities & Provisions	3,673.37
	10,046.13
Net Assets acquired	5,711.90
Calculation of gain on change in control	
Purchase consideration paid in cash for acquisition of additional 18%	304.95
Acquisition date fair value of previously held equity interest in YBAL for acquition of 33.33%	1,903.96
Non-controlling interest in YBAPL	2,779.79
Less: Net identifiable assets acquired	(5,711.90)
Gain on change in control	(723.20)

The consolidated profit before tax for the year ended March 31, 2019 includes profit before tax of Rs. 746.29 lakhs attributable to the business of YBAPL and Revenue for the year ended March 31, 2018 includes Rs. 17,469.75 lakhs in respect to YBAPL.

Had this acquisition occurred on April 1, 2017, the profit before tax for the year would have been higher by Rs. 461.20 lakhs and revenue for the year ended March 31, 2018, would have increased by Rs.1,721.45 lakhs.

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Non-current assets
4 Financial assets
4.1 Investments

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
I. Quoted investments (fully paid)			
Investments in equity instruments - others			
i) 250 (As at March 31, 2019 - 250) equity shares of Rs.10/- each in Bannari Amman Sugars Limited	3.83	3.83	4.85
ii) 34 (As at March 31, 2019 - 34) equity shares of Rs.10/- each in Moil Limited	0.03	0.03	0.03
Total quoted investments	**3.86**	**3.86**	**4.88**
II. Unquoted investments (fully paid)			
II. Investments - Others			
i) Nil As at 31-Mar-20 (54740 shares As at 31-Mar-19 and as at 31-Mar-18) Preference shares of Anamallais Agencies Private Limited of Rs.100 each	-	58.57	58.57
ii) 6,443 (As at 31-Mar-20, 31-Mar-19 and 31-Mar-18) Preference shares of Shiva Automobile Private Limited of Rs. 100 each	5.10	5.10	5.10
iii) Nil (As at 31-Mar-20 and 31-Mar-19) (1,123 as at 31-Mar-18) Preference shares of Kandiamman Properties & Holdings Private Limited of Rs.100 each	-	-	0.89
iv) Nil (As at 31-Mar-20 and 31-Mar-19) (34,137 as at 31-Mar-18) Preference shares of Kandiamman Realtors & Developers Private Limited of Rs.100 each	-	-	27.05
v) 15,000 (As at 31-Mar-20, 31-Mar-19 and 31-Mar-18) Equity shares of Rs.10/- each in OPG Metal Power Private Limited	1.50	1.50	1.50
vi) 132,700 (As at 31-Mar-20, 31-Mar-19 - 166,900 and 31-Mar-18 - 145,200) Equity shares of Rs.10/- each in OPG Power Generation Private Limited	14.89	18.81	16.31
III. Investments in Government securities			
Kisan Vikas Patra	0.03	0.03	0.03
Total Unquoted Investments	**21.52**	**84.01**	**109.45**
Total - Investments	**25.38**	**87.87**	**114.33**
Aggregate amount of quoted investments	3.86	3.86	4.88
Aggregate market value of quoted investments	3.86	3.86	4.88
Aggregate amount of unquoted investments	21.52	84.01	109.45
Aggregate market value of unquoted investments	21.52	84.01	109.45

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5 Other non-current assets

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Security deposits paid	997.93	446.86	652.70
Capital advances	1.23	134.17	61.01
Other advances	206.02	248.89	177.87
Advance tax and tax deducted at source (Net)	272.18	230.97	143.18
Total - Other non-current assets	**1,477.36**	**1,060.89**	**1,034.76**

Current assets

6 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Raw materials	16,370.84	16,875.59	20,099.75
Work-in-progress	1,900.67	1,841.73	3,785.17
Finished goods	13,183.42	11,693.80	7,345.97
Stock-in-trade	521.39	590.82	-
Stores and spares	679.44	797.17	778.39
Total - Inventories	**32,655.76**	**31,799.11**	**32,009.28**

7 Financial assets

7.1 Trade receivables

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
A) Trade receivable considered good - Unsecured	16,657.65	18,958.93	12,407.18
B) Trade receivable - Credit impaired	814.52	657.17	605.04
	17,472.17	19,616.10	13,012.22
Less: Allowance for doubtful trade receivables	(814.52)	(657.17)	(605.04)
Total - Trade receivables	**16,657.65**	**18,958.93**	**12,407.18**

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
	Default rates		
Exports customers			
1-90 days	-	-	9.00%
91-180 days	-	-	20.00%
>180 days	27.12%	20.73%	25.00%
Domestic customers			
1-90 days	2.71%	1.09%	0.50%
91-180 days	9.55%	8.30%	8.00%
>180 days	15.00%	17.73%	18.00%

Movement in expected credit loss allowance

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Balance at the beginning of the year	657.17	605.04	573.74
Movement in expected credit loss on trade receivables calculated at lifetime expected credit losses	157.35	52.13	236.77
Provision no longer required written back	-	-	(205.47)
Balance at the end of the year	**814.52**	**657.17**	**605.04**

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7.2 Cash and cash equivalents

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
a) Cash on hand	8.16	10.05	19.46
b) Cheques/drafts on hand	3.50	161.00	73.00
c) Balances with banks :			
i) In current accounts	818.00	453.39	968.83
ii) In deposit accounts	2,594.74	435.71	601.00
iii) In earmarked accounts			
- Margin money deposits	164.00	262.00	17.53
- Unpaid dividend accounts	3.11	2.75	2.18
Total - Cash and cash equivalents	**3,591.51**	**1,324.90**	**1,682.00**
Of the above, balances that meet the definition of cash and cash equivalents as per Ind AS 7 Cash Flow Statements	3,424.40	1,060.15	1,662.29

7.3 Loans

(Unsecured and considered good, unless stated otherwise)

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Employee advance	37.97	47.94	61.95
Total - Loans	**37.97**	**47.94**	**61.95**

7.4 Other financial assets

(Unsecured and considered good, unless stated otherwise)

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Accruals:			
- Interest accrued on fixed deposits with banks	16.46	2.76	-
- TUF subsidy receivable	540.81	269.93	208.88
- Incentive/grant receivable	531.00	531.00	1,399.97
- Unbilled revenue (Refer Note (i) below)	488.60	422.09	547.90
Insurance claim receivable	-	46.01	-
Derivative financial instruments	243.51	241.02	12.37
Total - Other financial assets	**1,820.38**	**1,512.81**	**2,169.12**

Note (i) Movement in unbilled revenue

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Opening Balance	422.09	547.89	52.96
Add: Revenue recognised during the year	66.51	422.09	547.89
Less: Invoiced during the year	-	458.93	-
Less: Reversal / adjustments during the year	-	88.96	52.96
Closing Balance	**488.60**	**422.09**	**547.89**

7.5 Current tax assets

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Current tax assets (Advance tax & TDS for the year)	166.99	305.00	-
Total - Current tax assets	**166.99**	**305.00**	**-**

8 Other current assets

(Unsecured and considered good, unless stated otherwise)

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Prepaid expenses	511.38	477.84	636.88
Balances with government authorities:			
-Duty drawback receivable	988.06	977.43	264.97
-GST receivable	1,208.67	1,627.03	1,747.33
-ESI liquidated damage	7.58	7.58	-
Gratuity	131.98	17.25	-
Advance to suppliers	977.53	1,649.29	1,607.93
Total - Other current assets	**3,825.20**	**4,756.42**	**4,257.11**

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9 Equity share capital

Particulars	As at 31/03/2020		As at 31/03/2019		As at 31/03/2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
(a) Authorised :						
(i) Equity share capital						
Equity shares of Rs.10/- each	16,000,000	1,600.00	16,000,000	1,600.00	16,000,000	1,600.00
(ii) Preference share capital						
Cumulative preference shares of Rs.100/- each	50,000	50.00	50,000	50.00	50,000	50.00
Total	**16,050,000**	**1,650.00**	**16,050,000**	**1,650.00**	**16,050,000**	**1,650.00**
(b) Issued, subscribed and fully paid-up :						
(i) Equity share capital						
Equity shares of Rs. 10/- each	15,754,269	1,575.43	15,754,269	1,575.43	15,754,269	1,575.43
Total - Equity share capital	**15,754,269**	**1,575.43**	**15,754,269**	**1,575.43**	**15,754,269**	**1,575.43**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the

Particulars	As at 31/03/2020		As at 31/03/2019		As at 31/03/2018	
	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs
Equity shares of Rs. 10/- each						
At the beginning of the year	15,754,269	1,575.43	15,754,269	1,575.43	15,754,269	1,575.43
Add: Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**15,754,269**	**1,575.43**	**15,754,269**	**1,575.43**	**15,754,269**	**1,575.43**

(ii) Terms / rights attached to the equity shares:
The Company has issued only one class of equity share having a face value of Rs. 10/- per share. The holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential creditors and other creditors, in the order of priority. The distribution will be in proportion to the number of equity shares held by shareholders. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of Shareholders in the ensuing Annual General Meeting.

(iii) Distributions made and proposed:
Dividend recognized as distributions to equity shareholders for the year ended March 31, 2019 was Rs 1.60 per
The Board of Directors at its meeting held on May 30, 2019 had recommended a dividend of 16% (Rs.1.60 per equity share of par value Rs 10 each). The proposal was approved by shareholders at the Annual General Meeting held on August 19, 2019, this has resulted in a cash outflow of Rs 303.88 lakhs, inclusive of corporate dividend tax of Rs 52.13 lakhs. Further, the Board of Directors at its meeting held on August 13, 2020 have not proposed dividend.

(iv) Details of shareholders holding more than 5% of the share capital:
Equity Shares

Name of the Shareholder	As at 31/03/2020		As at 31/03/2019		As at 31/03/2018	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Murugan Enterprise Private Limited	7,803,733	49.53%	7,803,733	49.53%	7,803,733	49.53%
Gagandeep Credit Capital Private Limited	987,475	6.27%	987,475	6.27%	987,475	6.27%

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10 Other equity

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
1. Securities premium account			
Amounts received on issue of shares in excess of the par value has been classified as securities premium.			
Opening balance	7,930.76	7,930.76	7,930.76
Closing balance	**7,930.76**	**7,930.76**	**7,930.76**
2. General reserve			
This represents appropriation of profit by the Company.			
Opening balance	16,295.22	16,295.22	16,295.22
Closing balance	**16,295.22**	**16,295.22**	**16,295.22**
3. Retained earnings			
Retained earnings comprise of the Company's prior years undistributed earnings after taxes.			
Opening balance	4,998.26	3,206.09	2,686.32
Add : Profit for the current year	242.48	2,096.05	881.53
Less : Cash dividends	(252.07)	(252.07)	(283.58)
Less : Tax on dividends	(52.13)	(51.81)	(57.79)
Impact on account of initial application of Ind AS 116 (Refer Note 31)	-	-	(20.39)
Closing balance	**4,936.54**	**4,998.26**	**3,206.09**
4. Other comprehensive income			
Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and financial liabilities and remeasurement of net defined benefit liability.			
Opening balance	422.67	466.97	(30.83)
Add : Movement during the year	73.04	(44.30)	497.80
Closing balance	**495.71**	**422.67**	**466.97**
Total - Other equity (1+2+3+4)	**29,658.23**	**29,646.91**	**27,899.04**

Non-current liabilities

11 Financial liabilities

11.1 Borrowings

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
(a) Term loans - Secured (Refer Notes (i) to (ix) below)			
-From banks	15,897.45	21,225.35	25,813.50
-From others	1,519.50	1,335.92	1,200.52
(b) Borrowings from others - Unsecured (Refer Note (x) below)	2,200.00	-	-
Total - Borrowings	**19,616.95**	**22,561.27**	**27,014.02**

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Notes

Details of terms of repayment and security provided in respect of secured term loans :

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
i) ICICI Bank Limited- Rupee term loan 2	1,054.85	1,697.52	2,437.50
ICICI Bank Limited- Rupee term loan 3	1,915.00	2,883.34	3,000.00
Less: Current maturities of long term debt	(1,590.41)	(1,691.60)	(1,500.00)
Total	**1,379.44**	**2,889.26**	**3,937.50**

Security:
Term Loan 2: First Pari passu charge on the entire property, plant and equipment of Spinning Unit I located at Vadamadurai, Dindigul alongwith other banks and exclusive charge on the specific plant & machinery of weaving unit.
Term loan 3: First charge on the entire property, plant and equipment of Spinning Mill Unit I situated at Dindigul on pari passu basis alongwith other banks and exclusive charge on the windmills (Land, Building, Plant & Machinery) of the Company with an aggregate installed capacity of 16.2 MW located at Chinnaputhur village, Tirupur District and Irukkandurai Village, Tirunelveli District.

Repayment : Term Loan 2: 16 quarterly instalments starting from July 2017. Term Loan 3: 16 quarterly instalments starting from June 2018.
Rate of Interest : Term Loan 2: 4.43%. Term loan 3: 10%

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
ii) Indian Bank - Rupee Term Loan	971.35	1,344.92	1,730.91
Less: Current maturities of long term debt	(250.00)	(376.00)	(376.00)
Total	**721.35**	**968.92**	**1,354.91**

Pari-passu first charge by way of equitable mortgage over factory land and building at SIPCOT Perundurai and exclusive charge on fixed assets purchased out of the loan. Repayment :32 Quarterly instalments starting from February 2014.
Rate of Interest : 12.80%

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
iii) Indian Bank - Rupee term loan	5,922.93	7,411.00	8,350.00
Less: Current maturities of long term debt	(1,125.00)	(1,500.00)	(936.00)
Total	**4,797.93**	**5,911.00**	**7,414.00**

Pari-passu first charge by way of equitable mortgage of factory land and building of Spinning, Weaving, Knitting, Processing and Garment divisions of the company alongwith other banks. Repayment : 32 Quarterly instalments starting from June 2016. Rate of Interest : 12.80%

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
iv) Indian Bank - Rupee term loan	4,161.01	4,331.99	4,560.00
Less: Current maturities of long term debt	(239.40)	(228.00)	(228.00)
Total	**3,921.61**	**4,103.99**	**4,332.00**

Pari-passu first charge by way of equitable mortgage of factory land and building of Spinning, Weaving, Knitting, Processing and Garment divisions of the company alongwith other banks. Repayment : 32 Quarterly instalments starting from June 2018. Rate of Interest : 12.80%

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
v) DCB Bank Limited - Term loan	1,726.19	2,444.91	2,500.00
Less: Current maturities of long term debt	(416.67)	(718.72)	(119.05)
Total	**1,309.52**	**1,726.19**	**2,380.95**

Exclusive charge over windmills of 7.20 MW capacity located at Melkaraipatti & Kottathurai Village, Palani Taluk, Dindigul District.
Repayment : 42 Monthly instalments starting from March 2019.
Rate of Interest : 9.30%

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
vi) Axis Bank - Term loan	2,012.50	2,192.12	2,300.00
Less: Current maturities of long term debt	(2,012.50)	(237.12)	(100.00)
Total	**-**	**1,955.00**	**2,200.00**

Exclusive charge on windmill unit IV & V assets of 6.55 MW capacity situated at Chinnapudur Village, Dharapuram Taluk, Tamilnadu and Kongalnagaram, Udumalpet Taluk, Tirupur District, Tamilnadu. Repayment : 24 Quarterly instalments starting from December 2018. Rate of Interest : 10.45%.

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Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
vii) Indian overseas Bank - Term loan	2,681.46	2,963.31	2,728.96
Less: Current maturities of long term debt	(185.00)	(374.35)	-
Total	2,496.46	2,588.96	2,728.96

Paripassu first charge on property, plant and equipment of Spinning Mill Unit I located at Nadukandanur Pirivu, Vadamadurai, Dindigul and Paripassu first charge on fixed assets of Spinning Mill Unit II located at Velvarkottai, Trichy Highway 45, Vedasandur TK, Dindigul - 624803 alongwith other banks.
Repayment : 32 Quarterly instalments starting from August 2019. Rate of Interest: 10.95%

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
viii) Oriental Bank of Commerce - Rupee Term Loan	967.45	1,176.70	1,359.85
Less: Current maturities of long term debt	(133.00)	(228.00)	(228.00)
Total	834.45	948.70	1,131.85

First charge on Property, plant and equipment of Young Brand Apparel Private Limited, including equitable mortgage over factory land and building and hypothecation of other property plant and equipment acquired out the loan. After the initial holiday period of 24 months, repayable in 84 equal quarterly installments commencing from June 2017, last installment due in March 2024. Rate of interest : 13.5%.

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
ix) Oriental Bank of Commerce - Corporate Rupee Term Loan	150.00	333.33	533.33
Less: Current maturities of long term debt	(116.70)	(200.00)	(200.00)
Total	33.30	133.33	333.33

First charge on Property plant and equipment of Young Brand Apparel Private Limited, including equitable mortgage over factory land and building. After the initial holiday period of 12 months, repayable in 60 equal quarterly installments commencing from June 2017, last installment due in December 2020. Rate of interest : 13.5%.

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
x) Oriental Bank of Commerce - Rupee Term Loan	403.40	-	-
Less: Current maturities of long term debt	-	-	-
Total	403.40	-	-

Security: First charge on Property plant and equipment of the Company, including equitable mortgage over factory land and building and hypothecation of other property plant and equipment acquired out the loan. After the initial holiday period of 24 months, repayable in 84 equal monthly instalments commencing from July 2021. Rate of interest is 12.75% as at the year end.

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
xi) Palladam Hi-Tech Weaving Park	47.84	47.84	53.11
Less: Current maturities of long term debt	-	(23.61)	(22.07)
Total	47.84	24.23	31.04

First charge on fixed assets acquired out of loan of Garment Unit located at Palladam Hi-Tech Weaving Park, Sukkampalayam Village, K.N.Puram (Po), Palladam.
Repayment : 120 Monthly instalments starting from April 2010.
Rate of Interest : 0.75% .

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
xii) SIPCOT Soft Loan	2,554.90	2,554.90	2,554.90
Less: Current maturities of long term debt	-	-	-
Less: Government grant [Refer note (ii) below]	(1,083.25)	(1,243.21)	(1,385.42)
Total	1,471.65	1,311.69	1,169.48

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(i) First charge by way of equitable mortgage over factory land and building and hypothecation of other movable assets financed by SIPCOT for the expansion project ranking paripassu with other banks and property plant and equipment of the expansion scheme of spinning units located at Velvarkottai Village, Dindigul, Weaving unit and Knitting unit at Karanampet, Coimbatore.

(ii) The Government of Tamil Nadu in its order : G.O. Ms. No. 126, dated October 20, 2009, has granted an amount equivalent to net output VAT + CST paid through expansion project to Government as Investment Promotion Soft Loan for a period of 10 years, subject to terms and conditions mentioned in the Eligibility Certificate ID/SPA/BSML/2010 dated 30 April 2013. The soft loan will carry a nominal rate of 0.1% per annum. The soft loan sanctioned is repayable on the 10th year from the date of sanction. This is considered as Government grant and accordingly the loan amount is carried at amortised cost considering an effective interest rate of 12.16%. The Government grant income is recognised proportionately in relation to the interest expense.

Unsecured loan

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
xiii) Murugan Enterprise Private Limited	2,200.00	-	
Total	**2,200.00**	-	-

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Non-Current borrowings - Total	19,616.95	22,561.27	27,014.02
Current maturities of long term borrowings - Total	6,068.68	5,577.40	3,709.12
Total	**25,685.63**	**28,138.67**	**30,723.14**

12.1 **Provisions**

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Provision for employee benefits :			
Provision for gratuity (Refer No.25.1.b)	231.21	126.27	112.57
Total - Provisions	**231.21**	**126.27**	**112.57**

12.2 **Other non-current liabilities**

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Government grant - SIPCOT soft loan (Refer note 11.1)	904.30	1,083.25	1,243.21
Grant from Technology Upgradation fund scheme	84.17	94.69	-
Total - Other non-current liabilities	**988.47**	**1,177.94**	**1,243.21**

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Current liabilities

13 Financial liabilities

13.1 Borrowings

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
(a) Working capital loan from banks (Secured) (Refer Note 1 below)	39,046.49	41,824.51	38,518.63
(b) Working capital loan from banks (Unsecured/Residual) (Refer Note 2 below)	2,939.87	2,553.27	972.93
(c) Liability for bills discounted - other than banks	24.16	-	-
Total - Borrowings	**42,010.52**	**44,377.78**	**39,491.56**

Note : 1 - Secured loans

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
i) The Karur Vysya Bank Limited	1,356.87	1,101.77	1,718.75

Working Capital Limit: Rs. 1,250 Lakhs
Security : Pari passu first charge on the entire current asset of Spinning Unit I situated at Nadukandanur pirivu, Morepatty Post, Vadamadurai, Dindigul alongwith other banks. Pari passu second charge on the entire property, plant and equipment of Spinning Unit I.

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
ii) Corporation Bank	5,164.98	5,011.44	3,458.50

Working Capital Limit: Rs. 5,250 Lakhs
Security : Paripassu first charge on the entire current asset of Spinning Unit I, II and Weaving Unit alongwith other banks. Paripassu second charge on the entire property, plant and equipment of Spinning Unit I, II and Weaving units.

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
iii) ICICI Bank Limited	2,315.27	2,199.54	5,382.00

Working capital limit: Rs. 2,500 Lakhs
Security : First Charge by way of Hypothecation of Raw materials, semi-finished and finished goods, consumable stores and spares and other movable properties both present and future of Spinning unit I for limit upto Rs. 2,500 Lakhs on paripassu basis with other banks.

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
iv) Oriental bank of Commerce	5,581.24	6,583.90	5,481.82

Working Capital Limit: Fund based limit : Rs. 6,000 Lakhs Non-fund based limit : Rs. 2,500 Lakhs
Security : Paripassu first charge on the entire current assets of Spinning Unit II, Garment and Processing Units alongwith other banks. Paripassu second charge on the entire fixed assets of Spinning Unit II, Garment and Processing Units.

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
v) Indian Overseas Bank	10,219.03	12,408.97	8,497.91

Working Capital Limit: Fund based limit : Rs. 10,000 Lakhs Non-fund based limit : Rs. 2,500 Lakhs
Security : Paripassu first charge on the entire current assets of Spinning Unit II and Knitting Unit alongwith other banks. Paripassu second charge on the entire property, plant and equipment of Spinning Unit II and Knitting Unit.

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Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
vi) Bank of Maharashtra	735.99	980.45	1,273.20
Working Capital Limit: Rs. 1,000 Lakhs Security : Paripassu first charge on the entire current assets of Processing Unit. Paripassu second charge on the entire property, plant and equipment of Processsing Unit.			
Particulars	**As at 31/03/2020**	**As at 31/03/2019**	**As at 31/03/2018**
vii) Allahabad Bank	3,755.73	3,352.61	4,041.83
Working Capital Limit: Rs. 3,700 Lakhs Security : Paripassu first charge on the entire current assets of Spinning Unit II & Garment Unit alongwith other banks. Paripassu second charge on the entire property, plant and equipmentof Spinning Unit II & Garment Unit.			
Particulars	**As at 31/03/2020**	**As at 31/03/2019**	**As at 31/03/2018**
viii) Bank of Bahrain & Kuwait B.S.C.	1,925.59	1,982.23	471.02
Working Capital Limit: Rs. 2,000 Lakhs Security : Paripassu first charge on the entire current assets of Spinning Unit I alongwith other banks. Paripassu second charge on the entire fixed assets of Spinning Unit I.			
Particulars	**As at 31/03/2020**	**As at 31/03/2019**	**As at 31/03/2018**
ix) Indian Bank	1,510.03	1,546.40	1,433.70
Working Capital Limit: Rs. 3,000 Lakhs. Security : First Charge by way of Hypothecation of Raw materials, Stock-in-trade, Finished goods of the Garment Division. Second charge on the property, plant and equipment of the Garment Division.			
Particulars	**As at 31/03/2020**	**As at 31/03/2019**	**As at 31/03/2018**
x) DCB Bank Limited	2,466.70	2,475.75	2,500.00
Working Capital Limit: Rs. 2,500 Lakhs Security : Extension of charge on windmills of 7.20 MW capacity offered as prime security for Term Loan.			
Particulars	**As at 31/03/2020**	**As at 31/03/2019**	**As at 31/03/2018**
xi) Oriental Bank of commerce	4,015.06	4,181.45	4,259.91
Working Capital limit : Rs. 7,700 Lakhs. Security : First Charge by way of Hypothecation of Raw materials, Stock in-process, Finished goods, stores ands spares and receivables of Young Brand Apparel Private Limited. Second charge on the assets secured on term loans. Rate of Interest : LIBOR plus 3.5% p.a Short Term Loan : 12.90% (Fixed)			

Note : 2 - Unsecured / Residual loans

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
ICICI Bank Limited	2,939.87	2,553.27	-
HDFC Bank Limited	-	-	500.00
Kotak Mahindra Bank	-	-	472.92
Working capital limits: ICICI Bank Rs. 3,500 lakhs, Kotak Bank - Rs.3,000 lakhs, HDFC Bank Limited - Rs.2,500 lakhs			

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13.2 Trade payables

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Total outstanding dues of micro and small enterprises (Refer Note 24)			
- For raw materials	788.05	735.51	-
- For others	21.46	40.44	-
Total outstanding dues of creditors other than micro and small enterprises			
- For raw materials	10,008.31	7,173.88	7,887.49
- For others	3,914.66	3,280.97	2,943.73
Total - Trade payables	**14,732.48**	**11,230.80**	**10,831.22**

13.3 Other current financial liabilities

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Current maturities of long-term debt	6,068.68	5,577.40	3,709.12
Interest accrued on borrowings	343.05	163.45	184.20
Unpaid dividend	3.11	2.75	2.18
Employee payables	-	-	704.52
Security deposits received	79.79	90.96	70.26
Contractually reimbursible expenses	0.54	7.28	100.00
Payables on purchase of property, plant and equipment	24.87	24.50	37.53
Total - Other current financial liabilities	**6,520.04**	**5,866.34**	**4,807.81**

14 Provisions

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
(a) Provision for employee benefits:			
-Provision for compensated absences	120.66	135.08	110.00
-Provision for Gratuity (Refer No.25.1.b)	50.72	137.16	46.13
-Provision for bonus	135.33	219.32	113.15
(b) Provision for income tax (Net)	-	309.00	0.03
Total - Provisions	**306.71**	**800.56**	**269.31**

15 Other current liabilities

Particulars	As at 31/03/2020	As at 31/03/2019	As at 31/03/2018
Statutory remittances	130.09	272.72	114.94
Liability towards funded gratuity scheme	-	-	1.60
Advances from customers	596.69	2,087.08	1,205.21
Advance received towards sale of property, plant and equipment	693.33	94.30	94.30
Other advances	455.07	-	-
Government grant - SIPCOT soft loan (Refer note 11.1)	178.95	159.96	142.21
Total - Other current liabilities	**2,054.13**	**2,614.06**	**1,558.26**

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BANNARI AMMAN SPINNING MILLS LIMITED
Restated Consolidated Financial Information
Amount in Rupees Lakhs except shares data or as otherwise stated
Notes to the Restated consolidated financial information

16 Revenue from operations

1. Disaggregated Revenue Information

The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected. Accordingly, the disaggregation by type of goods / services and by geographical location of customers is provided in the table below:

A. Revenue by products/services

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
(a) Sale of goods/services			
a. Manufactured goods			
Yarn	53,250.21	53,316.29	43,871.80
Fabrics	28,070.84	33,889.35	31,782.76
Waste cotton	5,537.59	5,722.92	4,895.04
Garments	22,371.20	19,214.71	13,441.92
b. Traded goods			
Yarn	282.61	41.03	1,315.72
Cotton	234.54	139.88	95.06
c. Income from services provided - Sizing charges, CMT charges, Knitting & Processing charges	2,193.86	2,940.72	2,531.65
(b) Other operating revenues	1,446.82	2,184.04	2,851.83
Total - Revenue from operations	**113,387.67**	**117,448.94**	**100,785.78**

The Company disaggregate the revenue based on geographical locations and it is disclosed under note 26 "Segment reporting".

17 Other income

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
(a) Interest income (Refer Note 1 below)	97.17	62.98	70.73
(b) Dividend income from non-current non-trade investments	-	-	0.03
(c) Net gain on foreign currency transactions and translation	-	638.66	113.35
(d) Other non-operating income (Refer Note 2 below)	1,752.56	183.58	413.26
Total - Other income	**1,849.73**	**885.22**	**597.37**

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
1 Interest income comprises:			
Interest on overdue trade receivables	32.62	39.93	-
Interest on security deposits	64.55	23.05	70.73
Interest from others	-	-	-
Total - Interest income	**97.17**	**62.98**	**70.73**

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2 Other non-operating income comprises:			
Profit on sale of investment (Net)	-	7.32	-
Profit on sale of property plant and equipment (Net)	1,709.18	62.06	45.04
TUF Capital subsidy received		10.52	-
Revenue grant and incentives	10.52	-	333.00
Gain on early termination of leases			
Miscellaneous income	32.86	103.68	35.22
Total - Other non-operating income	**1,752.56**	**183.58**	**413.26**

18A Cost of materials consumed

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Opening stock	16,875.59	20,099.75	13,736.98
Add: Purchases	76,861.09	77,126.60	76,534.73
	93,736.68	97,226.35	90,271.71
Less: Closing stock	(16,370.84)	(16,875.59)	(20,099.75)
Total - Cost of materials consumed	**77,365.84**	**80,350.76**	**70,171.96**

18B Purchase of stock-in-trade

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Purchase of stock-in-trade	230.08	110.75	1,227.37
Total - Purcahse of stock in trade	**230.08**	**110.75**	**1,227.37**

19 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Inventories at the end of the year:			
Finished goods	13,183.42	11,693.80	7,345.97
Work-in-progress	1,900.67	1,841.73	3,785.17
Stock-in-trade	521.40	590.82	-
Total	15,605.49	14,126.35	11,131.14
Inventories at the beginning of the year:			
Finished goods	11,693.80	7,345.97	5,732.60
Work-in-progress	1,841.73	3,785.17	1,386.55
Stock-in-trade	590.82	-	51.21
Total	14,126.35	11,131.14	7,170.36
Net (increase) / decrease	(1,479.14)	(2,995.21)	(3,960.78)

20 Employee benefits expense

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Salaries, wages and bonus	12,122.92	11,579.53	9458.41
Contributions to provident and other funds	631.04	495.11	531.17
Staff welfare expenses	1,510.00	1,624.44	1311.06
Total - Employee benefits expense	**14,263.96**	**13,699.08**	**11,300.64**

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21 Finance costs

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
(a) Interest expense on financial liabilities at amortised cost:			
- Borrowings [Refer note 30]	6,803.13	6,466.85	5,557.47
- Lease liabilities	32.63	15.66	11.44
(b) Other borrowing costs	367.39	248.26	441.41
Total - Finance costs	**7,203.15**	**6,730.77**	**6,010.32**

22 Other expenses

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Consumption of stores and spare parts	299.70	236.31	434.07
Manufacturing expenses	413.50	518.15	53.70
Consumption of packing materials	823.77	899.82	830.57
Power, fuel and water charges	5,157.12	5,764.77	4,449.88
Rent including lease rentals	68.39	46.44	76.78
Repairs and maintenance - Building	122.05	167.35	102.08
Repairs and maintenance - Machinery	1,692.67	2,336.84	2,014.74
Repairs and maintenance - Others	267.28	280.69	209.66
Insurance	547.66	421.29	399.25
Rates and taxes	365.86	425.98	391.08
Communication expenses	101.65	87.81	89.43
Travelling and conveyance	419.21	500.03	336.09
Printing and stationery	46.32	55.61	338.21
Freight and forwarding charges	942.96	1,057.79	1,248.68
Sales commission	763.00	821.77	919.83
Quality claim	71.82	66.14	-
Hank yarn obligation	6.25	20.78	14.42
Business promotion expenses	82.73	91.06	27.23
Donation	5.07	0.80	2.65
Legal and professional charges	289.95	298.25	210.38
Payments to auditors [Refer note 1 below]	32.50	30.00	30.00
Corporate social responsibility expenditure	10.30	5.22	21.32
Provision for bad and doubtful debts	157.35	52.13	31.30
Bad debts written off	2.22	1.14	-
Loss on sale of investment	3.83	-	5.26
Net Loss on foreign currency transactions and translation	118.84	-	-
Miscellaneous expenses	575.16	253.68	102.35
Total - Other expenses	**13,387.16**	**14,439.85**	**12,338.96**

Note 1 - Payments to auditors:

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Payments to auditors comprises			
- Statutory audit fees	26.00	24.00	30.00
For taxation matters	0.50	-	-
- Limited review fees	6.00	6.00	-
Total - Payments to auditors	**32.50**	**30.00**	**30.00**

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Additional information to the financial statements

23 Contingent liabilities and commitments (to the extent not provided for)

Particulars	31/03/2020	31/03/2019	31/03/2018
i) Contingent liabilities:			
a) Income tax demands, pending in appeal	-	-	29.97
b) Central Excise demands, pending in appeal	69.61	112.58	144.03
c) Sales tax demands, pending in appeal	-	-	134.15
d) TANGEDCO demands, pending in appeal	1,166.91	1,046.30	916.81
(e) Demand of Service tax on the amounts paid to Foreign Service Providers is under dispute and an appeal has been filed before the Honourable Madras High Court, Chennai.	75.08	75.08	75.08
(f) Infrastructure and amenities charges levied by Department of Town and Country Planning, for which the Company has jointly made appeal to Honourable High Court along with industrial units in the location and the Honourable High Court has given a stay order.	79.60	79.60	79.6
ii) Commitments:			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
Tangible assets	-	1,500.00	1,250.00

24 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31/03/2020	31/03/2019	31/03/2018
i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	809.51	775.96	-
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-	-
Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			

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Note	Particulars
25	**Employee benefit plans**
25.1.a	**Defined contribution plans - provident fund and employee state insurance**

The Company makes Provident Fund and Employee state insurance scheme contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised the following contributions in the restated statement of profit and loss :

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Provident fund	435.64	359.89	436.95
Employee state insurance	87.81	85.71	74.76

25.1.b Defined benefit plan - gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity plan). The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn eligible salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Insurer included as part of 'Contribution to provident and other funds' in Note 20 Employee benefits expense. Under this plan, the settlement obligation remains with the Company.

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

a) **Interest Rate Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

b) **Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

c) **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liabilty.

d) **Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e) **Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non-availabilty of enough cash/cashequivalent to meet the liabilities or holding of illiquid assets not being sold in time.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at each of the year/period end by Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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The following table sets out the funded status of the gratuity scheme:

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Components of employer expense			
Current service cost	185.04	113.78	66.16
Past service cost	-	21.76	21.76
Interest cost	45.59	38.85	33.55
Expected return on plan assets	(35.23)	(39.17)	(27.25)
Recognised in statement of profit and loss	195.40	135.22	94.22
Re-measurement - actuarial (gain)/loss recognised in OCI	(113.94)	70.31	(19.49)
Total expense recognised in the Statement of total comprehensive income	**81.46**	**205.53**	**74.73**
Other Comprehensive Income (OCI)			
Actuarial (gain)/loss due to DBO experience	(173.52)	143.53	65.69
Actuarial (gain)/loss due to DBO assumption changes	61.07	(54.38)	(87.71)
Actuarial (gain)/loss arising during period	(112.45)	89.15	(22.02)
Actual return on plan assets (greater)/less interest on plan assets	(1.49)	(18.84)	2.53
Actuarial (gains)/ losses recognized in OCI	(113.94)	70.31	(19.49)
Defined Benefit Cost			
Service cost	185.04	135.54	87.92
Net interest on net defined benefit liability / (asset)	10.36	(0.32)	6.30
Actuarial (gains)/ losses recognized in OCI	(113.94)	70.31	(19.49)
Defined Benefit Cost	81.46	205.53	74.73
Change in defined benefit obligation (DBO) during the year			
Present value of DBO at beginning of the year	724.14	535.84	312.79
Current service cost	185.04	113.78	66.16
Past service cost	-	21.76	21.76
Interest cost	45.59	38.85	33.55
Actuarial (gains) / losses	(112.45)	89.15	(22.02)
Acquisitions	-	-	137.04
Benefits paid	(67.76)	(75.24)	(13.44)
Present value of DBO at the end of the year	**774.56**	**724.14**	**535.84**
Actual contribution and benefit payments for year			
Actual benefit payments	67.76	75.24	13.44
Actual contributions	142.66	87.23	10.00
Change in fair value of assets during the year			
Plan assets at beginning of the year	477.96	375.54	354.26
Expected return on plan assets	35.23	39.17	27.25
Actual company contributions	142.66	87.23	10.00
Actuarial gain / (loss)	1.49	18.84	(2.53)
Benefits paid	(32.73)	(42.82)	(13.44)
Plan assets at the end of the year	**624.61**	**477.96**	**375.54**
Actual return on plan assets	36.72	58.01	24.72
Current and Non-Current Asset / Liability portion			
Current Asset	131.98	(137.16)	(47.73)
Current (Liability)	(50.72)		
Non Current Asset / (Liability)	(231.21)	(126.27)	(112.57)
Net Asset / (Liability)	(149.95)	(263.43)	(160.30)
Net asset / (liability) recognised in the Balance Sheet :			
Present value of defined benefit obligation	774.56	724.14	535.84
Fair value of plan assets	624.61	477.96	375.54
Funded status [Surplus / (Deficit)]	(149.95)	(246.18)	(160.30)
Net asset / (liability) recognised in the Balance Sheet	**(149.95)**	**(246.18)**	**(160.30)**

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Composition of the plan assets is as follows:			
Government securities	-	-	-
Debentures and bonds	-	-	-
Fixed deposits	-	-	-
Insurer managed funds*	100%	100%	100%
Total	624.61	477.96	375.54

*Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer.

Actuarial assumptions			
Discount rate	6.80%	7.70%	7.73%
Expected return on plan assets	6.80%	7.70%	7.73%
Attrition rate	3% to 1%	3% to 1%	3.00%
Salary escalation	5% to 9%	5.00%	6.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

Note	Particulars

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Gratuity Plan	31/03/2020	31/03/2019	31/03/2018
Estimate value of obligation if discount rate is taken 1% higher	685.05	667.12	493.17
Estimate value of obligation if discount rate is taken 1% lower	816.16	791.78	586.24
Estimate value of obligation if salary growth rate is taken 1% higher	814.65	791.03	583.72
Estimate value of obligation if salary growth rate is taken 1% lower	685.55	667.10	494.56
Estimate value of obligation if attrition rate is taken 1% higher	737.75	468.68	381.50
Estimate value of obligation if attrition rate is taken 1% lower	752.86	452.17	377.29

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions

Maturity profile of defined benefit obligation:

Maturity profile, if it ensues	31/03/2020	31/03/2019	31/03/2018
1	135.40	136.64	40.89
2	52.68	61.81	42.41
3	46.85	45.55	38.36
4	31.22	51.58	31.58
5	40.38	65.87	73.54
Above 5	148.08	132.57	100.26

Asset Liability Matching Strategies
The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

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Note	Particulars
26	**Segment Reporting**

(a) Primary business segment information
The Company's operations relate to only one business segment, viz., Textiles. Accordingly, this is the only reportable business segment.

(b) Secondary geographic segment information

Geographic Segment	Particualrs	31/03/2020	31/03/2019	31/03/2018
Outside India	Revenue	32,797.20	38,440.43	45,934.33
	Assets	2,507.51	5,082.31	3,541.14
	Capital expenditure	81.36	-	-
India	Revenue	80,590.47	79,008.51	55,448.82
	Assets	121,763.70	120,386.33	117,242.55
	Capital expenditure	2,203.94	2,645.33	5,646.85
Unallocated	Revenue	-	-	-
	Assets	439.17	535.97	143.18
	Capital expenditure	-	-	-
Total	**Revenue**	**113,387.67**	**117,448.94**	**101,383.15**
	Assets	**124,710.38**	**126,004.61**	**120,926.87**
	Capital expenditure	**2,285.30**	**2,645.33**	**5,646.85**

Note: Segment Assets represent Assets in respective segments. Tax related assets cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

27	**Related party transactions**
A.	**Details of related parties:**

Description of relationship	Name of related parties
Enterprises in which the Key management Personnel or relatives have significant influence	Anamallais Automobiles Private Limited Shiva Automobiles Private Limited Vedanayagam Oil Company Sakthi Murugan Transports Private Limited Murugan Enterprise Private Limited Jahnvi Motor Private Limited Anamallais Motors Private Limited
Key Management Personnel (KMP)	Sri S V Arumugam, Managing Director Sri N Krishnaraj, Company Secretary Sri S Seshadri, Chief Financial Officer
Relative of KMP	Sri A Senthil, Chief Executive Officer Smt A Umadevi

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B.	Details of transactions during the year and balance outstanding as at the balance sheet date:				
	Particulars	Related Party	For the year ended		
			31/03/2020	31/03/2019	31/03/2018
	Transactions during the year:				
	Purchase of yarn	Shiva Texyarn Limited	-	125.79	199.27
		Shiva Mills Limited	-	-	205.87
	Sale of yarn	Shiva Texyarn Limited	-	0.85	10.77
		Young Brand Apparel Private Limited	-	-	15.54
		Shiva Mills Limited	-	151.36	-
	Sale of fabric	Shiva Texyarn Limited	-	343.62	758.72
		Young Brand Apparel Private Limited	-	-	145.85
		Shiva Mills Limited	-	-	2.53
	Conversion/Job work charges received	Shiva Texyarn Limited	-	16.87	32.04
		Young Brand Apparel Private Limited	-	-	3.58
	Conversion/Job work charges paid	Shiva Texyarn Limited	-	-	0.14
		Shiva Mills Limited	-	-	5.72
	Lease rent received	Shiva Texyarn Limited	-	70.00	138.15
	Lease rent paid for building and machinery	Shiva Texyarn Limited	-	35.00	69.00
	Vehicle maintenance paid	Shiva Automobiles Private Limited	5.75	7.00	4.19
		Jahnvi Motor Private Limited	4.59	1.13	-
	Processing charges received	Young Brand Apparel Private Limited	-	-	110.71
	Processing charges paid	Shiva Mills Limited	-	3.99	-
	Purchase of fuel	Vedanayagam Oil Company	3.68	3.18	2.21
	Rent paid	Anamallais Automobiles Private Limited	17.85	6.90	2.11
		Sakthi Murugan Transports Private Limited	3.51	1.06	1.06
		A Umadevi	12.00	4.00	-
	Purchase of sundry materials	Shiva Mills Limited	-	-	0.14
	Purchase of vehicle	Shiva Automobiles Private Limited	-	-	7.41
	Purchase of canvas	Shiva Texyarn Limited	-	-	0.13
	Sale of machinery	Shiva Texyarn Limited			0.77
	Inter corporate deposits recd	Murugan Enterprise Private Ltd	2,200.00	-	-
		Anamallais Motors Private Limited	200.00	-	-
	Inter corporate deposits repaid	Anamallais Motors Private Limited	200.00	-	-
	Interest paid	Murugan Enterprise Private Ltd	23.88	-	-
		Anamallais Motors Private Limited	1.79	-	-
	Remuneration of KMP	Sri S V Arumugam, Managing Director	60.00	77.58	64.67
		Sri N Krishnaraj, Company Secretary	20.21	19.59	14.50
		Sri C S Balakumar, Chief Financial Officer (Demised on 10 June, 2018)	-	2.99	15.40
		Sri S Seshadri, Chief Financial Officer	20.90	15.75	-
	Salary to Relative of KMP	Sri A Senthil, Chief Executive Officer	30.00	30.00	30.00

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Particualrs	Related party	31/03/2020	31/03/2019	31/03/2018
Balances outstanding as at year end :				
Receivables	Shiva Mills Limited	-	44.10	-
	Shiva Texyarn Limited	-	553.44	265.02
	Anamallais Automobiles Private Limited	4.32	-	-
(Payables)	Shiva Mills Limited	-	(19.18)	(24.67)
	Shiva Texyarn Limited	-	(244.21)	-
	Vedanayagam Oil Company	(0.23)	-	(0.24)
	Sakthi Murugan Transports Private Limited	(0.64)	(0.09)	(0.09)
	Shiva Automobiles Private Limited	(0.60)	(0.09)	-
	Anamallais Automobiles Private Limited	(1.72)	(0.60)	-
	Murugan Enterprise Private Limited	(2,221.49)	-	-
	A Umadevi	(0.90)	(0.90)	-
Amount outstanding as at the year end		**(2,221.26)**	**332.47**	**240.02**

Note:

i) There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

ii) Related party relationship is as identified by the Company on the basis of information available with the Company and relied upon by the Auditors.

iii) No amount is/has been written off or written back during the year in respect of debts due from or to related party.

iv) Particulars of intercorporate deposits and interest thereon:

a. Inter corporate deposit received from Murugan Enterprise Private Limited Rs.200 lakhs on 22/10/2019, Rs.1000 lakhs on 11/02/2020 and Rs.1000 lakhs on 24/03/2020 at an interest rate of 9%, 10% and 10% p.a respectively.

b. Inter corporate deposit received from Anamallais Motors Private Limited Rs.200 lakhs on 03/10/2019 at an interest rate of 6% p.a and the loan was repaid on 22/11/2019.

Subsidiary transactions and balances elimination in Consolidated Finaicials

Particualrs	Related party	31/03/2020	31/03/2019	31/03/2018
Revenue	Young Brand Apparel Private Limited	1,529.54	1,100.51	235.56
	Bannari Amman Retails Private Limited	57.08	-	-
	Bannari Amman Trendz Private Limited	79.74	591.02	-
	Accel Apparels Private Limited	-	-	-
	Abirami Amman Designs Private Limited	-	-	-
Interest Received	Young Brand Apparel Private Limited	72.50	102.75	-
	Bannari Amman Retails Private Limited	-	-	-
	Bannari Amman Trendz Private Limited	-	-	-
	Accel Apparels Private Limited	-	-	-
	Abirami Amman Designs Private Limited	-	-	-
Receivables	Young Brand Apparel Private Limited	1,431.74	1,607.38	789.69
	Bannari Amman Retails Private Limited	115.92	3.56	-
	Bannari Amman Trendz Private Limited	723.60	6.34	-
	Accel Apparels Private Limited	-	1.06	-
	Abirami Amman Designs Private Limited	-	-	-

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28 Earnings per equity share

Particulars	31/03/2020	31/03/2019	31/03/2018
Restated profit attributable to equity shareholders (Rs. In Lakhs)	590.49	2,371.45	981.65
Weighted average number of equity shares (Nos.)	15,754,269	15,754,269	15,754,269
Par value per equity share (Rs.)	10.00	10.00	10.00
Earning per share - Basic & Diluted (Rs.)	3.75	15.05	6.23

29A Income tax recognised :

Particulars	31/03/2020	31/03/2019	31/03/2018
Current tax :			
In respect of current year/earlier years recognised in:			
1. Restated statement of profit and loss	-	428.49	156.69
2. Restated other comprehensive income	-	-	-
Deferred tax :			
In respect of current year/earlier years recognised in:			
1. Restated statement of profit and loss	413.03	(275.02)	15.40
2. Restated other comprehensive income	25.98	(2.91)	1.10
Income tax expense	**439.01**	**150.56**	**173.19**

29B Movement in deferred tax balances : - Holding Company

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance
31/03/2020					
Tax effect of items constituting deferred tax asset					
Provision for doubtful debts	205.04	49.10	-	-	254.14
Provision for compensated absences and gratuity	89.07	(30.68)	(25.98)	-	32.41
Brought forward losses	-	96.56	-	-	96.56
Minimum alternate tax (net)	5,301.45	37.42	-	-	5,338.87
Others	41.92	39.85	-	-	81.77
Tax effect of items constituting deferred tax asset	**5,637.48**	**192.25**	**(25.98)**	-	**5,803.75**
Tax effect of items constituting deferred tax (liability)					
On difference between book balance and tax balance of fixed assets	(8,307.82)	(195.84)	-	-	(8,503.66)
Deferred tax on gain on acquistion of control	(223.48)	-	-	-	(223.48)
Tax effect of items constituting deferred tax (liability)	**(8,531.30)**	**(195.84)**	-	-	**(8,727.14)**
Net Deferred tax asset/(liability)	**(2,893.82)**	**(3.59)**	**(25.98)**		**(2,923.39)**
31/03/2019					
Tax effect of items constituting deferred tax asset					
Provision for doubtful debts	177.29	27.75	-	-	205.04
Provision for compensated absences, gratuity and others	14.32	72.94	1.81	-	89.07
Minimum alternate tax (net)	5,066.50	234.95	-	-	5,301.45
Others	117.08	(76.26)	1.10	-	41.92
Tax effect of items constituting deferred tax asset	**5,375.19**	**259.38**	**2.91**	-	**5,637.48**
Tax effect of items constituting deferred tax (liability)					
On difference between book base and tax base of property, plant and equipment	(8,384.37)	76.55	-	-	(8,307.82)
Deferred tax on gain on acquistion of control	(223.47)	-	-	(0.01)	(223.48)
Tax effect of items constituting deferred tax (liability)	**(8,607.84)**	**76.55**	-	**(0.01)**	**(8,531.30)**
Net Deferred tax asset/(liability)	**(3,232.65)**	**335.93**	**2.91**	**(0.01)**	**(2,893.82)**

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31/03/2018					
Tax effect of items constituting deferred tax asset					
Provision for doubtful debts	113.80	-	-	-	113.80
Provision for compensated absences, gratuity and others	15.80	-	(1.10)	-	14.70
Minimum alternate tax (net)	4,894.50	172.00	-	-	5,066.50
Others	-	-	-	-	-
Tax effect of items constituting deferred tax asset	**5,024.10**	**172.00**	**(1.10)**	**-**	**5,195.00**
Tax effect of items constituting deferred tax (liability)					
On difference between book base and tax base of property, plant and equipment	(8,133.32)	(44.89)	-	-	(8,178.21)
Deferred tax on gain on acquistion of control	-	-	(223.47)	-	(223.47)
Others	(25.97)	-	-	-	(25.97)
Tax effect of items constituting deferred tax (liability)	**(8,159.29)**	**(44.89)**	**(223.47)**	**-**	**(8,427.65)**
Net Deferred tax asset/(liability)	**(3,135.19)**	**127.11**	**(224.57)**	**-**	**(3,232.65)**

Movement in deferred tax balances : - Subsidiary Company

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance
31/03/2020					
Tax effect of items constituting deferred tax asset					
Unabsorbed depreciation	900.45	(518.53)	-	-	381.92
Provision for compensated absences and gratuity	103.08	-	-	-	103.08
Brought forward losses	-	(14.28)	-	-	(14.28)
Minimum alternate tax (net)	119.56	(119.49)	-	-	0.07
Others	-	25.57	-	-	25.57
Tax effect of items constituting deferred tax asset	**1,123.09**	**(626.73)**	**-**	**-**	**496.36**
Tax effect of items constituting deferred tax (liability)					
On difference between book balance and tax balance of fixed assets	(1,064.79)	217.29	-	-	(847.50)
Tax effect of items constituting deferred tax (liability)	**(1,064.79)**	**217.29**	**-**	**-**	**(847.50)**
Net Deferred tax asset/(liability)	58.30	(409.44)	-		(351.14)
31/03/2019					
Tax effect of items constituting deferred tax asset					
Unabsorbed Depreciation and Brought Forward Business Loss	1,040.22	(139.77)	-	-	900.45
On account of difference in treatment of expenditure	109.44	(6.36)	-	-	103.08
MAT credit entitlement	-	119.56	-	-	119.56
Others	-	-	-	-	-
Tax effect of items constituting deferred tax asset	**1,149.66**	**(26.57)**	**-**	**-**	**1,123.09**
Tax effect of items constituting deferred tax (liability)					
On difference between book base and tax base of property, plant and equipment	(1,030.48)	(34.34)	-	0.03	(1,064.79)
Tax effect of items constituting deferred tax (liability)	**(1,030.48)**	**(34.34)**	**-**	**0.03**	**(1,064.79)**
Net Deferred tax asset/(liability)	**119.18**	**(60.91)**	**-**	**0.03**	**58.30**

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31/03/2018					
Tax effect of items constituting deferred tax asset					
Unabsorbed Depreciation and Brought Forward Business Loss	1,160.61	(120.39)	-	-	1,040.22
On account of difference in treatment of expenditure	100.53	8.91	-	-	109.44
MAT credit entitlement	-	-	-	-	-
Others	-	-	-	-	-
Tax effect of items constituting deferred tax asset	**1,261.14**	**(111.48)**	-	-	**1,149.66**
Tax effect of items constituting deferred tax (liability)					
On difference between book base and tax base of property, plant and equipment	(999.45)	(31.03)	-	-	(1,030.48)
Tax effect of items constituting deferred tax (liability)	**(999.45)**	**(31.03)**	-	-	**(1,030.48)**
Net Deferred tax asset/(liability)	**261.69**	**(142.51)**	-	-	**119.18**

29C Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	31/03/2020	31/03/2019	31/03/2018
Restated profit before tax	1,003.52	2,524.92	1,116.08
Enacted income tax rate in India	31.20%	31.20%	30.90%
Computed expected tax expense	313.10	787.78	344.87
Effect on account of income exempt under income tax	-	-	33.79
Tax incentives and concessions	-	-	2.29
Mat credit entitlement	-	(167.85)	-
On account of enacted tax rates	-	(428.54)	-
Write off/(back) of minimum alternate tax	81.66	(99.62)	-
Tax expense of subsidiary companies	-	74.05	-
Deferred tax relating to earlier years	-	(10.79)	-
Others	18.27	(1.56)	(208.86)
Income tax expense recognised in the restated statement of profit and loss	**413.03**	**153.47**	**172.09**

30 Borrowing cost capitalization

Particulars	31/03/2020	31/03/2019	31/03/2018
Company has capitalised borrowing costs under property plant and equipment amounting to	-	106.11	450.00

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31 Leases

On March 30, 2019, the Ministry of Corporate Affairs had notified Ind AS 116, Leases, replacing the existing leases standard, Ind AS 17, Leases, and related interpretations. The new lease standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

Full retrospective : Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Modified retrospective : Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

The Group has entered into leasing arrangements in respect of residential/office premise. The leasing arrangements, which are generally cancellable, have lease periods ranging between 11 and 60 months. They are generally renewable by mutual consent on mutually agreeable terms. The operating leases are cancellable by lessor/lessee with notice period up to three months.

The following is the summary of practical expedients elected by the Group on the initial application:

Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

In respect of those leases classified as finance leases applying Ind AS 17, at the date of initial application, the Group has elected to recognise the right-of-use asset and the lease liability at the carrying amount of the lease asset and lease liability immediately before that date measured applying Ind AS 17.

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

For the purpose of this restated consolidated financial information, proforma transition date for Ind AS 116 has been considered as 1 Apr 17. Accordingly adjustment on account of first time adoption Ind AS 116 has been adjusted in the opening retained earnings as at 1 Apr 17. Refer note 10.3.

The Group's weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application i.e 1 April 2017 is 11.50% per annum.

Particulars	Amount
Operating lease commitments as at 31-Mar-2017	146.00
Less: Recognition of exemption for short term leases	-
Net operating lease commitments as per Ind AS 17 as at 31-Mar-2017	146.00
Discounted using the incremental borrowing as at 01-Apr-2017	128.39
OLL recognised in the balance sheet upon transition to Ind AS 116 as at 01-Apr-2017	128.39
Difference	-

Movement in right-of-use assets and lease liabilities during the period/year:

Right-of-use assets - Machinery

Particulars	31/03/2020	31/03/2019	31/03/2018
Opening balance	16.66	56.63	96.61
Additions	-	-	-
Depreciation	(16.66)	(39.97)	(39.98)
Deletions	-	-	-
Closing balance	0.00	16.66	56.63

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Right-of-use assets - Building

Particulars	31/03/2020	31/03/2019	31/03/2018
Opening balance	315.79	10.86	11.39
Additions	30.83	341.37	5.11
Depreciation	(106.72)	(36.44)	(5.64)
Deletions	-	-	-
Closing balance	**239.90**	**315.79**	**10.86**

Right-of-use assets - Land

Particulars	31/03/2020	31/03/2019	31/03/2018
Opening balance	608.09	610.49	612.89
Additions	-	-	-
Depreciation	(2.40)	(2.40)	(2.40)
Deletions	-	-	-
Closing balance	**605.69**	**608.09**	**610.49**

Lease liabilities - Machinery

Particulars	31/03/2020	31/03/2019	31/03/2018
Opening balance	21.96	70.83	114.86
Additions	-	-	-
Interest	0.54	5.13	9.97
Lease payments	(22.50)	(54.00)	(54.00)
Closing balance	**-**	**21.96**	**70.83**
Current	-	-	22.50
Non-current	-	21.96	48.33

Lease liabilities - Building

Particulars	31/03/2020	31/03/2019	31/03/2018
Opening balance	321.54	12.71	13.53
Additions	30.83	341.37	5.11
Deletions			
Interest	32.09	10.53	1.47
Lease payments	(128.05)	(43.07)	(7.40)
Closing balance	**256.41**	**321.54**	**12.71**
Current	80.28	95.96	32.54
Non-current	176.13	225.58	(19.83)

Maturity analysis of OLL

Particulars	31/03/2020	31/03/2019	31/03/2018
1 year	123.75	142.88	62.40
1 to 5 years	174.01	265.94	28.00
More than 5 years	-	-	-

Lease rent expense on short-term and low value lease debited to Statement of Profit and Loss

Particulars	31/03/2020	31/03/2019	31/03/2018
Lease rent	68.39	46.44	76.78

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32 Financial instruments

The carrying value and fair value of financial instruments by categories as at:

Particulars		31/03/2020	31/03/2019	31/03/2018
Financial assets				
Amortised cost				
Loans	Carrying Value	37.97	47.94	61.95
	Fair value	37.97	47.94	61.95
Trade receivable	Carrying Value	16,657.65	18,958.93	12,407.18
	Fair value	16,657.65	18,958.93	12,407.18
Cash and cash equivalents	Carrying Value	3,424.40	1,060.15	1,662.29
	Fair value	3,424.40	1,060.15	1,662.29
Bank balances	Carrying Value	167.11	264.75	19.71
	Fair value	167.11	264.75	19.71
Other financial assets	Carrying Value	1,820.38	1,512.81	2,169.12
	Fair value	1,820.38	1,512.81	2,169.12
Investment in Government securities	Carrying Value	0.03	0.03	0.03
	Fair value	0.03	0.03	0.03
FVTOCI				
Investment in equity instruments	Carrying Value	3.86	3.86	4.88
	Fair value	3.86	3.86	4.88
FVTPL				
Investment in equity instruments (unquoted)	Carrying Value	21.49	83.98	109.42
	Fair value	21.49	83.98	109.42
Total assets	**Carrying Value**	**22,132.89**	**21,932.45**	**16,434.58**
	Fair value	**22,132.89**	**21,932.45**	**16,434.58**
Financial liabilities				
Amortised cost				
Borrowings	Carrying Value	67,696.15	72,516.45	70,214.70
	Fair value	67,696.15	72,516.45	70,214.70
Lease liabilities	Carrying Value	256.41	343.51	83.54
	Fair value	256.41	343.51	83.54
Trade payables	Carrying Value	14,732.48	11,230.80	10,831.22
	Fair value	14,732.48	11,230.80	10,831.22
Other financial liabilities	Carrying Value	451.36	288.94	1,098.69
	Fair value	451.36	288.94	1,098.69
Total liabilities	**Carrying Value**	**83,136.40**	**84,379.70**	**82,228.15**
	Fair value	**83,136.40**	**84,379.70**	**82,228.15**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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The following methods and assumptions were used to estimate the fair values:
i) Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at March 31, 2020 was assessed to be insignificant.

iii) The fair values of the unquoted equity shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

33 Fair value hierarchy

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 the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at:

Particulars	Fair value measurement	31/03/2020	31/03/2019	31/03/2018
Financial assets measured at fair value:				
FVTOCI financial assets: Date of valuation		31-Mar-20	31-Mar-19	31-Mar-18
Investment in equity instruments (quoted)	Level 1	3.86	3.86	4.88
	Level 2	-	-	-
	Level 3	-	-	-
Derivative financial instruments	Level 1	-	-	-
	Level 2	243.51	241.02	12.37
	Level 3	-	-	-
FVTPL financial assets - Date of valuation		31-Mar-20	31-Mar-19	31-Mar-18
Investment in equity instruments (unquoted)	Level 1	-	-	-
	Level 2	-	-	-
	Level 3	21.52	84.01	109.45

There have been no transfers among Level 1, Level 2 and Level 3.

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34 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The Company uses foreign currency borrowings to mitigate foreign exchange related risk exposures.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

1) 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, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. 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.

2) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers:

Particulars	31/03/2020	31/03/2019	31/03/2018
Revenue from top customer	7,830.82	9,623.85	3,089.35
Revenue from top 5 customers	22,954.83	20,544.73	9,732.92

Particulars	31/03/2020	31/03/2019	31/03/2018
Number of customers accounted for:			
More than 10% of revenue	2	2	8
More than 10% of receivables	3	2	4

3) Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

4) 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 through credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

Particulars	31/03/2020	31/03/2019	31/03/2018
Cash and cash equivalents	3,424.40	1,060.15	1,662.29
Bank balances	167.11	264.75	19.71
Total	3,591.51	1,324.90	1,682.00

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The table below provides details regarding the contractual maturities of significant financial liabilities as at:

Particulars/Maturity profile	31/03/2020	31/03/2019	31/03/2018
Borrowings			
Less than one year	48,079.21	49,955.18	43,200.68
1-2 years	5,501.54	5,986.75	5,553.79
More than 2 years	14,115.40	16,574.52	21,460.23
Trade payables			
Less than one year	14,732.48	11,230.80	10,831.22
1-2 years	-	-	-
More than 2 years	-	-	-
Lease liabilities			
Less than one year	256.41	343.51	83.54
1-2 years	-	-	-
More than 2 years	-	-	-
Other financial liabilities		-	-
Less than one year	451.36	288.94	1,098.69
1-2 years	-	-	-
More than 2 years	-	-	-

5) Foreign currency risk

The Company's exchange risk arises from its foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and Euros) and foreign currency borrowings (primarily in U.S. dollars, British pound sterling and Euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's management meets on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the management of the Company believes that the borrowings in foreign currency and its assets in foreign currency shall mitigate the foreign currency risk mutually to some extent.

The following table presents foreign currency risk from non-derivative financial instruments as of :

Particulars	31/03/2020	31/03/2019	31/03/2018
Assets			
Trade receivables			
US$	2,355.32	4,094.15	3,118.07
Euro	107.21	895.08	793.28
GBP	44.98	44.98	44.98
Cash and cash equivalents			
US$	0.80	0.77	0.20
Euro	0.02	0.02	0.02
GBP	0.03	0.21	0.38
Liabilities			
Trade payable			
US$	820.27	221.62	3,323.53
Euro	-	-	272.33
GBP	-	-	-
Borrowings			
US$	6,597.76	9,477.12	9,313.86
Euro	-	-	-
GBP	-	-	-
Net assets/(liabilities)			
US$	**(5,061.91)**	**(5,603.82)**	**(9,519.12)**
Euro	**107.23**	**895.10**	**520.97**
GBP	**45.01**	**45.19**	**45.36**

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Foreign currency sensitivity analysis

The Company is mainly exposed to the currency USD on account of significant outstanding trade receivables, borrwoings and trade payables in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Particulars	31/03/2020	31/03/2019	31/03/2018
Impact on profit or (loss) for the period/year	253.10	280.19	475.96

For a 5% weakening of the INR against the relevant currency, there would be equivalent amount of impact on the profit as mentioned in the above table.

6) Interest rate risk

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

Interest rate sensitivity analysis

If interest rates had been 1% higher and all other variables were held constant, the company's profit for the year ended would have impacted in the following manner:

Particulars	31/03/2020	31/03/2019	31/03/2018
Increase / (decrease) in the profit for the year	(615.00)	(696.63)	127.90

If interest rates were 1% lower, the company's profit would have increased by the equivalent amount as shown in the above table.

7) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	31/03/2020	31/03/2019	31/03/2018
Total equity attributable to the equity share holders of the company	**34,718.94**	**34,344.72**	**32,350.22**
As percentage of total capital	34%	32%	32%
Current borrowings	42,010.52	44,377.78	39,491.56
Non-current borrowings	25,685.63	28,138.67	30,723.14
Total borrowings	**67,696.15**	**72,516.45**	**70,214.70**
As a percentage of total capital	**66%**	**68%**	**68%**
Total capital (borrowings and equity)	**102,415.09**	**106,861.17**	**102,564.92**

The Company is predominantly debt financed which is evident from the capital structure table.

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Note
35

A Reconciliation between the published profit/(loss) and restated profit/(loss)

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Profit as per the published statement of profit and loss	590.49	2,366.46	977.31
Adjustment on account of adoption of Ind AS 116 - Leases (Refer Note 31)	-	4.99	4.34
Profit/(loss) as per restated statement of profit and loss	590.49	2,371.45	981.65

B Reconciliation between published equity and restated equity

Particulars	31/03/2020	31/03/2019	31/03/2018
Total equity as per published financial statements	34,718.94	34,355.78	32,366.27
Adjustment on account of adoption of Ind AS 116 - Leases including transition adjustment(Refer Note 31)	-	(11.06)	(16.05)
Equity as per restated statement of assets and liabilities	34,718.94	34,344.72	32,350.22

C Reconcilliation of Equity and Other equity

Particulars	Total equity and other equity
As at 1-Apr-17	28,456.90
Profit for the year	981.65
Cash dividends	(283.58)
Tax on dividends	(57.79)
Other comprehensive income (net of taxes)	493.64
Acquired on Business combination (Refer Note 3D)	2,779.79
Impact on account of initial application of Ind AS 116 (Refer Note 31)	(20.39)
Balance as at 31-Mar-18	**32,350.22**
As at 1-Apr-18	32,350.22
Profit for the year	2,371.45
Cash dividends	(252.07)
Tax on dividends	(51.81)
Other comprehensive income (net of taxes)	(73.07)
Balance as at 31-Mar-19	**34,344.72**
As at 1-Apr-19	34,344.72
Profit for the year	590.49
Cash dividends [Refer Note 9(iii)]	(252.07)
Tax on dividends [Refer Note 9(iii)]	(52.13)
Other comprehensive income (net of taxes)	87.96
Impact on account of initial application of Ind AS 116 (Refer Note 31)	-
Balance as at 31-Mar-20	**34,718.94**

36 Impact of COVID -19

The outbreak of COVID-19 pandemic has affected the Group's regular operations. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Property, plant and equipment, Inventories, Receivables and Other assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Group. The Group has evaluated its liquidity position, recoverability and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID- 19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

37 Appropriate regroupings have been made in the restated statement of assets and liabilities, profit and loss and cash flows wherever required by reclassification of the corresponding items of incomes, expense, assets liabilities and cash flows in order to bring them in line with the accounting policies and classification as per financial statements of the group prepared in accordance with schedule III of the Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

38 On April 1, 2018, the Group adopted Ind AS 115, Revenue from contracts with customers, Refer note 2.10 for the accounting policies followed pursuant to adoption of Ind AS, 115. The option of Ind AS, 115, did not have any impact.

39 The restated consolidated financial information were approved for issue by the board of directors on 11/03/2021.

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Accounting Ratios (Consolidated)

Particulars	For the year ended		
	31/03/2020	31/03/2019	31/03/2018
Basic and Diluted Earnings Per Share (Rs.)			
Basic Earnings Per Share (Basic EPS)			
Net profit after tax, as restated, attributable to equity shareholders	590.49	2,371.45	981.65
Weighted average number of Equity Shares outstanding	15,754,269	15,754,269	15,754,269
Basic EPS in Rs.	**3.75**	**15.05**	**6.23**
Face value in Rs.	**10.00**	**10.00**	**10.00**
Diluted Earnings Per Share (Diluted EPS)			
Net profit after tax, as restated, attributable to equity shareholders	590.49	2,371.45	981.65
Weighted average number of shares considered for calculating Diluted EPS	15,754,269	15,754,269	15,754,269
Diluted EPS in Rs.	**3.75**	**15.05**	**6.23**
Face value in Rs.	**10.00**	**10.00**	**10.00**
Net Asset Value Per Equity Share (Rs.)			
Net Asset Value (Net-worth), as restated	31,233.64	31,222.34	29,474.47
Number of equity shares outstanding outstanding at the year end	15,754,269	15,754,269	15,754,269
Number of adjusted equity shares outstanding at the year end	15,754,269	15,754,269	15,754,269
Net Assets Value per equity share (Rs.)	**198.26**	**198.18**	**187.09**
Return on Net worth			
Net Profit after tax, as restated	590.49	2,371.45	981.65
Net worth, as restated	31,233.64	31,222.34	29,474.47
Return on net worth	**1.89%**	**7.60%**	**3.33%**
EBITDA			
Profit/(loss) after tax (A)	590.49	2,371.45	981.65
Income tax expense (B)	413.03	153.47	172.09
Finance costs ©	7,203.15	6,730.77	6,010.32
Depreciation and amortization expense (D)	3,262.83	3,473.24	3,178.60
EBITDA (A+B+C+D)	**11,469.50**	**12,728.93**	**10,342.66**

The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Share

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

(ii) Net Assets Value (NAV)

$$\frac{\text{Net Asset Value, as restated, at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

(iii) Return on Net worth (%)

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity share holders}}{\text{Net worth (excluding revaluation reserve), as restated, at the end of the year}}$$

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 standalone statement of profit and loss.

BANNARI AMMAN SPINNING MILLS LIMITED
Amount in Rupees Lakhs except shares data or as otherwise stated

Statement of Capitalisation

Particulars	**Pre-issue**	**Post-Issue***
	31-Dec-20	**As adjusted for the issue**
Debt		
Long-term borrowings	18,998.49	
Short-term borrowings	35,946.76	
Add: Current maturities of long term borrowings	5,372.85	
Total debts	**60,318.11**	
Shareholders' funds		
Share capital	1,575.43	
Reserves and surplus	27,369.60	
Total shareholders' funds	**28,945.03**	
Long term debt/equity	84.20%	

*To be updated in the Letter of Offer.
Notes
1. Short term borrowings represent debts which are due within 12 months from 31-Dec-20
2. Long term debts include current portion of long-term borrowings repayable over the next twelve months.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Financial Information as of and for the Fiscals 2020, 2019 and 2018 all prepared in accordance with the Companies Act and Ind AS and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, and the limited reviewed financial statements for the nine months period ended December 31, 2020 prepared in accordance with SEBI Listing Regulations, included in the section titled "Financial Information" on page 122. Unless otherwise stated, the financial information used in this chapter is derived from the restated financial statements and limited reviewed report of our Company.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward-Looking Statements" on pages 24 and 18, respectively.

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" and "Fiscal" are to the twelve (12) month period ended March 31 of that fiscal year. References to the "Company", "we", "us" and "our" in this chapter refer to Bannari Amman Spinning Mills Limited on a consolidated basis, as applicable in the relevant fiscal period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

Our Company is one of the flagship companies of Bannari Amman Group located in South India which offers a wide spectrum of manufacturing, trading, distribution and service related activities in sectors like textiles, food processing, automobile distribution, etc. Our Company was incorporated in the year 1989 and has emerged as a fully, vertically integrated textile company engaged in the business of manufacturing of cotton yarn, woven and knitted fabrics, processing of knitted fabrics, manufacturing of knitted and woven garments and wind power generation. Our principal line of business is manufacturing and marketing of cotton yarn, woven and knitted fabrics, home textile products, knitted garments along with processing of fabrics and retailing of knitted garments. The cotton yarn and fabrics produced by our Company are in turn used as a raw material in manufacturing of knitted and woven garments. Moreover, all our manufacturing units and facilities are situated in the state of Tamil Nadu, India.

Apart from manufacturing products for direct sale to our customers, to ensure the full utilization of the installed capacity of our manufacturing units, we are also engaged in carrying out various textile processes for third parties on a job work basis. We procure cotton bales from domestic and international markets and market and sell cotton yarn, finished woven and knitted fabrics, knitted garments and home textiles to various garment manufactures. Our strict compliance with the internal quality control and international standards of quality, has enabled us to expand our operations internationally to countries including China, Bangladesh, Vietnam, Srilanka, Poland, USA to name a few. The revenue of our Company from the export operations for the nine months period ended December 31, 2020 and the Fiscals 2020, 2019 and 2018 are ₹ 22,424.00, ₹ 32,797.20 lacs, ₹ 38,440.43 lacs, and ₹ 45,934.33 lacs, respectively.

Our Company is an integrated textile company and offers a diverse set of products which cater to various segments of the textile industry such as spinning, weaving, knitting, processing, home textiles and garmenting. The Company has also installed wind power generators to augment the power requirements of the aforesaid manufacturing facilities thereby reducing the usage of fossil fuel. To ensure that we supply quality products which meet the applicable standards, we have set up quality control facilities at respective unit levels, which consists of our quality assurance and quality control teams who check and conduct various tests on the products manufactured thereat at various stages starting from the raw materials procured to the finished products manufactured by us. All our facilities are supplemented by utilities, such as water, power, effluent treatment plant, etc. which makes it an important feature of all our facilities.

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 24. 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 Tamil Nadu;
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units;
- Our ability to maintain and enhance our brand image;
- Our reliance on third party suppliers for our products;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- 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;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Subsidiary, 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 noncompliance 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 Restated Consolidated Financial Statements. For details of our significant accounting policies, please refer section titled *"Financial Information"* on page 122.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter "*Financial Information*" on page 122, there has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, see section titled "*Financial Information*" on page 122.

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 Restated Consolidated Financial Statements.

Total income

Our revenue comprises of:

Revenue from operations

Our revenue from operations consists of sale of products and other operating revenue. Sale of products primarily consists of sale of cotton yarn, knitted and woven fabrics and garments, which are primarily manufactured by us.

Other Income

Other income primarily comprises certain non-recurring income such as profit on sale of fixed assets, gain on foreign currency transactions and miscellaneous income.

Expenses

Our expenses primarily comprise cost of raw materials such as cotton for spinning units, yarn for weaving unit, fabric for garments unit, chemicals and consumables for processing unit, power and fuel cost, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

Changes in inventories of stock-in-trade

Changes in inventories of stock-in-trade comprises of difference in closing balance *vis-a-vis* opening balance of stock in trade.

Power and Fuel expenses

Power and Fuel is one the important component of expenses incurred by the Company, used in the various manufacturing processes. The Company sources power from TANGEDCO (Government Grid), Third Party sources. The Company also uses the power generated by windmills owned by it.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, gratuity, bonus, commission, contribution to provident fund & other funds and staff welfare & training expenses.

Other expenses

Other expenses comprise of rent expense, commission & brokerage, royalty on sales, advertisement & publicity, warehouse charges, repair & maintenance expenses, freight, insurance & clearing charge and miscellaneous expenses.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loan. Other finance costs consist of bank commission, letter of credit charges, interest on buyer's credit, interest on vendor bill discounting, interest on receivable financing, loan processing charges, loan prepayment charges, and loan renewal charges.

Depreciation and Amortisation Expense

Depreciation and amortization expense comprises of depreciation on building, plant and machinery, office equipment, furniture & fixtures, vehicles, leasehold improvements, computers, servers & network, right-of-use assets and amortization of intangible assets.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences 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 periods indicated, certain items from our restated consolidated financial statements, in each case also stated as a percentage of our total income:

(₹ in Lacs)

Particular	2020	Percentage of total income (%)	2019	Percentage of total income (%)	2018	Percentage of total income (%)
INCOME						
Revenue from Operations	1,13,387.67	98.39%	1,17,448.94	99.25%	1,00,785.78	99.41%
Other Income	1,849.73	1.61%	885.22	0.75%	597.37	0.59%
Total Income (A)	**1,15,237.40**	100.00%	**1,18,334.16**	100.00%	**1,01,383.15**	100.00%
EXPENDITURE						
Cost of materials consumed	77,365.84	67.14%	80,350.76	67.90%	70,171.96	69.21%
Purchases of Stock-in-Trade	230.08	0.20%	110.75	0.09%	1,227.37	1.21%
Changes in inventories of finished goods, work in process and stock in trade	(1,479.14)	(1.28%)	(2,995.21)	(2.53%)	(3,960.78)	(3.91%)
Employee benefit expenses	14,263.96	12.38%	13,699.08	11.58%	11,300.64	11.15%
Finance costs	7,203.15	6.25%	6,730.77	5.69%	6,010.32	5.93%
Depreciation and amortisation expense	3,262.83	2.83%	3,473.24	2.94%	3,178.60	3.14%
Other Expenses	13,387.16	11.62%	14,439.85	12.20%	12,338.96	12.17%
Total Expenses (B)	**1,14,233.88**	**99.13%**	**1,15,809.24**	**97.87%**	**1,00,267.07**	**98.90%**
Profit before extraordinary items and tax	**1,003.52**	**0.87%**	**2,524.92**	**2.13%**	**1,116.08**	**1.10%**
Prior period items (Net)	-	0.00%	-	0.00%	-	0.00%
Profit before exceptional, extraordinary items and tax (A-B)	**1,003.52**	**0.87%**	**2,524.92**	**2.13%**	**1,116.08**	**1.10%**
Exceptional items	-	0.00%	-	0.00%	-	0.00%
Profit before extraordinary items and tax	**1,003.52**	**0.87%**	**2,524.92**	**2.13%**	**1,116.08**	**1.10%**
Extraordinary items	-	0.00%	-	0.00%	-	0.00%
Profit before tax	**1,003.52**	**0.87%**	**2,524.92**	**2.13%**	**1,116.08**	**1.10%**
Share of net profit from joint venture accounted for using equity method	**-**	**0.00%**	**-**	**0.00%**	**37.66**	**0.04%**
Profit before tax	**1,003.52**	**0.87%**	**2,524.92**	**2.13%**	**1,153.74**	**1.14%**
Tax expense:						
(i) Current tax	-	0.00%	428.49	0.36%	156.69	0.15%
(ii) Deferred tax	413.03	0.36%	79.47	0.07%	187.40	0.18%
(iii) MAT Credit	-	0.00%	(428.54)	-0.36%	(172.00)	-0.17%
(iv)(MAT credit lapsed written off	-	0.00%	74.05	0.06%	-	0.00%
Total Tax Expense	**413.03**	0.00	**153.47**	0.00	**172.09**	0.17%
Profit for the year (D-E)	**590.49**	0.51%	**2,371.45**	2.00%	**981.65**	0.97%
Other Comprehensive Income						
Items that will not be reclassified to profit or loss	87.96	0.08%	(68.41)	-0.06%	(6.08)	-0.01%
items that may be reclassified to profit or loss	-	0.00%	-	0.00%	499.72	0.49%
Other comprehensive income for the year	**87.96**	0.08%	**(68.41)**	-0.06%	**493.64**	0.49%
Restated total comprehensive income	**678.45**	**0.59%**	**2,303.04**	**1.95%**	**1,475.29**	1.46%

Comparison of Historical Results of Operations

Fiscal 2020 compared to Fiscal 2019

Total Revenue

Our total revenue for the Fiscal 2020 was ₹ 1,15,237.40 lacs as compared to ₹ 1,18,334.16 lacs for the Fiscal 2019, representing an decrease of (2.62)%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the Fiscal 2020 was ₹ 1,13,387.67 lacs as compared to ₹ 1,17,448.94 lacs for the Fiscal 2019, representing an decrease of (3.46%). This is primarily due to slow down in sales of Textile products on account of USA, China Trade war and also COVID-19 related reasons in the later part of the year.

Other income

Other income for the Fiscal 2020 was ₹ 1849.73 lacs as compared to ₹ 885.22 lacs for the Fiscal 2019, representing an increase of 108.96%. The increase in other income was primarily due to profit on sale of fixed assets.

Expenses

Our total expenditure for the Fiscal 2020 was ₹ 1,14,233.88 lacs as compared to ₹ 1,15,809.24 lacs for the Fiscal 2019, representing an decrease of (1.36%).

Our cost of goods sold was primarily determined by the cost of material consumed, labour, power etc., purchase of stock-in-trade, adjusted by changes in inventories of stock-in-trade as follows:

Cost of materials consumed

The Cost of materials consumed for the Fiscal 2020 was ₹ 77,365.84 lacs as compared to ₹ 80,350.76 lacs for the Fiscal 2019 representing a decrease of (3.71%). The change is commensurate with the decrease in sales of its products.

Changes in Inventories of Stock-in-Trade

The changes inventories of stock-in-trade for the Fiscal 2020 was ₹ (1479.14) lacs as compared to ₹ (2995.21) lacs for the Fiscal 2019, primarily due to market demand supply scenario.

Employee benefit expenses

Employee benefit expense for the Fiscal 2020 was ₹ 14,263.96 lacs as compared to ₹ 13699.08 lacs for the Fiscal 2019, representing an increase of 4.12%. This was due to increase in salaries, wages and bonus.

Other expenses

Other expenses for the Fiscal 2020 was ₹ 13,387.16 lacs as compared to ₹ 14,439.85 lacs for the Fiscal 2019, representing a decrease of (7.29%). The decrease was mainly due to lower expenses incurred on power and fuel, repairs and maintenance and selling & distribution expenses.

Finance cost

Finance cost for the Fiscal 2020 was ₹ 7,203.15 lacs as compared to ₹ 6,703.77 lacs for the Fiscal 2019, representing an increase of 7.02%. The increase in finance cost is due to lease accounting on adoption of Ind AS 116 and increase in other finance costs due to higher interest cost on borrowings.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the Fiscal 2020 was ₹ 3,262.83 lacs as compared to ₹ 3,473.24 lacs for the Fiscal 2019, representing a decrease of (6.06%). The decrease is due to change in method of computation of depreciation.

Restated Profit/Loss before Tax

The restated profit/(loss) before tax for the Fiscal 2020 of ₹ 1,003.52 lacs as compared to ₹ 2,524.92 lacs for the Fiscal 2019. The decrease in restated profit/loss before tax is due to depressed market conditions for textile products during the year due to variety of factors which include USA China Trade War affecting International

Trade, and consequential impact on the domestic market. Impact of COVID-19 related issues also played a part in the performance of the Company.

Taxation

Total tax expense for the Fiscal 2020 ₹ 413.03 lacs as compared to ₹ 153.47 lacs for the Fiscal 2019, representing an increase of 169.13%. The increase was due to impact of deferred tax.

Restated Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year on a restated basis for the Fiscal 2020 of ₹ 590.49 lacs as compared to ₹ 2,371.45 lacs for the Fiscal 2019, representing a decrease of (75.10%). The decrease was due to depressed market conditions for textile products during the year due to variety of factors which include USA China Trade War affecting International Trade, and consequential impact on the domestic market. Impact of COVID-19 related issues also played a part in the performance of the Company.

Fiscal 2019 compared to Fiscal 2018

Total Revenue

Our total revenue for the Fiscal 2019 was ₹ 1,18,334.16 lacs as compared to ₹ 1,01,383.15 lacs for the Fiscal 2018, representing an increase of 16.72%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the Fiscal 2019 was ₹ 1,17,448.94 lacs as compared to ₹ 1,00,785.78 lacs for the Fiscal 2018, representing an increase of 16.53%. This is primarily due to better market conditions.

Other income

Other income for the Fiscal 2019 was ₹ 885.22 lacs as compared to ₹ 597.37 lacs for the Fiscal 2018, representing an increase of 48.19%. The increase in other income was primarily due to gain on foreign currency transactions and translations.

Expenses

Our total expenditure for the Fiscal 2019 was ₹ 1,15,809.24 lacs as compared to ₹ 1,00,267.07 lacs for the Fiscal 2018, representing an increase of 15.50%. Total expenditure comprises of:

Our cost of goods sold was primarily determined by the cost of material consumed, labour, power etc., purchase of stock-in-trade, adjusted by changes in inventories of stock-in-trade as follows:

Cost of materials consumed

The Cost of materials consumed for the Fiscal 2019 was ₹ 80,350.76 lacs as compared to ₹ 70,171.96 lacs for the Fiscal 2018 representing an increase of 14.51%. The change was due to increase in raw-material consumption on account of increase in production.

Our cost of goods sold was primarily determined by the purchase of stock-in-trade, adjusted by changes in inventories of stock-in-trade as follows:

Changes in Inventories of Stock-in-Trade

The changes inventories of stock-in-trade for the Fiscal 2019 was ₹ (2,995.21) lacs as compared to ₹ (3,960.78) lacs for the Fiscal 2018, primarily due to market conditions.

Employee benefit expenses

Employee benefit expense for the Fiscal 2019 was ₹ 13699.08 lacs as compared to ₹ 11300.64 lacs for the Fiscal 2018, representing an increase of 21.22%. This was due to increase in salaries, wages and bonus.

Other expenses

Other expenses for the Fiscal 2019 was ₹ 14,439.85 lacs as compared to ₹ 12,338.96 lacs for the Fiscal 2018, representing a increase of 17.03%. The increase was mainly due to a higher expenses incurred on power and fuel, repairs and maintenance and other manufacturing expenses.

Finance cost

Finance cost for the Fiscal 2019 was ₹ 6,730.77 lacs as compared ₹ 6,010.32 lacs for the Fiscal 2018, representing an increase of 11.99%. The increase in finance cost is due to impact of higher borrowings availed in previous financial year.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the Fiscal 2019 was ₹ 3,473.24 lacs as compared to ₹ 3,178.60 lacs for the Fiscal 2018, representing an increase of 9.27%. The increase is due to higher capital expenditure incurred during the year.

Restated Profit/Loss before Tax

The restated profit/(loss) before tax for the Fiscal 2019 of ₹ 2,524.92 lacs as compared to ₹ 1116.08 lacs for the Fiscal 2018. The increase was due to better market conditions and margins for our products.

Taxation

Total tax expense for the Fiscal 2019 was ₹ 153.47 lacs as compared to ₹ 172.09 lacs for the Fiscal 2018, representing a decrease of (10.82%). The decrease was due to deferred tax adjustments.

Restated Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year on a restated basis for the Fiscal 2019 of ₹ 2,371.45 lacs as compared to ₹ 981.65 lacs for the Fiscal 2018, representing an increase of 141.58%.

Quarter ended December 31, 2020 compared with Quarter ended December 31, 2019

(₹ in Lacs)

Particulars	Period ended December 31, 2020 (Consolidated)		Period ended December 31, 2019 (Consolidated)	
	Amount	Percentage of total income (%)	Amount	Percentage of total income (%)
Income				
Revenue from Operations	70,989.98	99.29%	85,526.00	98.36%
Other income	511.00	0.71%	1,429.14	1.64%
Total Revenue	**71,500.98**	100.00%	**86,955.14**	100.00%
Expenses				
Cost of materials consumed	42,833.89	59.91%	62,178.49	71.51%
Purchases of Stock-in-Trade	60.52	0.08%	224.58	0.26%
Changes in inventories of finished goods, work in process and stock in trade	6,133.52	8.58%	(5,987.04)	(6.89%)
Employee benefit expenses	8,589.43	12.01%	10,769.14	12.38%
Finance costs	4,814.37	6.73%	5,224.63	6.01%
Depreciation and amortisation expense	2,465.57	3.45%	2,814.55	3.24%
Other Expenses	9,328.22	13.05%	9,739.36	11.20%
Total Expenses	**74,225.52**	**103.81%**	**84,963.71**	**97.71%**
Profit/(loss) before extraordinary, exceptional items and tax	**(2,724.54)**	(3.81%)	**1,991.43**	2.29%
Exceptional items	**-**	-	**-**	-
Profit before tax	**(2,724.54)**	**(3.81%)**	**1,991.43**	**2.29%**
Current Tax	-	-	-	-
MAT Assets	-	-	-	-

Particulars	Period ended December 31, 2020 (Consolidated)		Period ended December 31, 2019 (Consolidated)	
	Amount	Percentage of total income (%)	Amount	Percentage of total income (%)
Deferred Tax	(414.76)	(0.58%)	541.76	0.62%
(Excess) / Short Provision of Income Tax for earlier years	-	-	-	-
Total comprehensive Income for the period	**(2,309.78)**	(3.23%)	**1,449.67**	**1.67%**
Net Profit for the year	**(2,309.78)**	(3.23%)	**1,449.67**	**1.67%**

Total revenue

Our total revenue for the nine months ended December 31, 2020 was ₹ 71,500.98 lacs as compared to ₹ 86,955.14 lacs for the nine months ended December 31, 2019, representing a decrease of (17.77)%. This significant decrease was due to the impact of COVID 2019 lockdown imposed by the Central and various State Governments.

Revenue from Operations

Our revenue from operations decreased by ₹ 14536.02 lacs or by (17.00)% from ₹ 85,526.00 lacs in nine months ended December 31, 2019 to ₹ 70,989.98 in December 31, 2020.

Other Income

Our other income decreased by ₹ 918.14 lacs or by (64.24)% from ₹ 1429.14 lacs in nine months ended December 31, 2019 to ₹ 511.00 lacs in December 31, 2020.

Expenditure

Total expenses decreased by ₹ 10738.19 lacs or by 12.64% from ₹ 84963.71 lacs in nine months ended December 31, 2019 to ₹ 74225.52 lacs in December 31, 2020.

Employee benefits expense

Employee benefits expense decreased by ₹ 2179.71 lacs or by (20.24)% from ₹ 10769.14 lacs in nine months ended December 31, 2019 to ₹ 8589.43 lacs in December 31, 2020. Employee benefit expenses accounted for 12.01% of the total revenues for the nine months ended December 31, 2020 vis-à-vis 12.38% of the total revenues for the nine months ended December 31, 2019.

Finance costs

Finance costs decreased by ₹ 410.26 lacs or by (7.85)% from ₹ 5224.63 lacs in nine months ended December 31, 2019 to ₹ 4814.37 lacs in December 31, 2020. However, finance costs accounted 6.73% of the total revenues for the Quarter ended December 31, 2020 vis-à-vis 6.01% of the total revenues for the nine months ended December 31, 2019.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased by ₹ 348.98 lacs or by (12.40) % from ₹ 2814.55 lacs in nine months ended December 31, 2019 to ₹ 2465.57 lacs in December 31, 2020.

Other expenses

With the decrease in revenue, other expenses also decreased by ₹ 411.14 lacs or by (4.22)% from ₹ 9739.36 lacs in nine months ended December 31, 2019 to ₹ 9328.22 lacs in December 31, 2020.

Profit before tax

Profit before tax decreased by ₹ 4715.97 lacs or by (236.81)% from ₹ 1991.43 lacs in nine months ended December 31, 2019 to ₹ (2724.54) lacs in December 31, 2020.

Tax expense

Tax expense decreased by ₹ 956.52 lacs or by (176.56)% from ₹ 541.76 lacs in nine months ended December 31, 2019 to ₹ (414.76) lacs in December 31, 2020.

Profit

Profits decreased by ₹ 3759.45 lacs or by (259.33)% from ₹ 1449.67 lacs in nine months ended December 31, 2019 to ₹ (2309.78) lacs in December 31, 2020.

CASH FLOWS

The following table sets forth certain information relating to our cash flows:

(₹ in lacs)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Net (loss) / profit before tax	1,003.52	2,524.92	1,116.08
Net Cash Flow from/ (used in) Operating Activities (A)	14,369.87	6,844.13	2,265.96
Net Cash Flow Used in Investing Activities (B)	691.19	(2,592.91)	(4,857.45)
Net Cash Generated from Financing Activities (C)	(12,696.81)	(4,853.36)	1,804.60
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	**2,364.25**	**(602.14)**	**(786.89)**
Cash and cash equivalents at the beginning of the year/period	1,060.15	1,662.29	1,786.32
Cash and cash equivalents acquired on acquisition	-	-	662.86
Cash and cash equivalents at year/ period end	**3,424.40**	**1,060.15**	**1,662.29**

Operating Activities

Net cash from operating activities for period ended March 31, 2020 was ₹ 14,369.87 lacs as compared to the PBT of ₹ 1003.52 lacs for the same period. This difference is primarily on account of trade and other payables, other current asset and trade and other receivable.

Net cash from operating activities for the period ended March 31, 2019 was ₹ 6,844.13 lacs as compared to the PBT of ₹ 2,524.92 lacs for the same period. This difference is primarily on account of trade payables, trade receivable and other current assets.

Net cash from operating activities for period ended March 31, 2018 was ₹ 2,265.96 lacs as compared to the PBT of ₹ 1,116.08 lacs for the same period. This difference is primarily on account of trade and other payables, inventories, other current assets and trade and other receivables.

Investing Activities

Net cash from investing activities for period ended March 31, 2020 was ₹ 691.19 lacs. This was mainly on account of proceeds from sale of fixed assets and other investments.

Net cash from investing activities for period ended March 31, 2019 was ₹ (2,592.91) lacs. This was on account of purchase of property, plant & equipment (including capital work-in-progress and capital advances).

Net cash from investing activities for period ended March 31, 2018 was ₹ (4,857.45) lacs. This was on account of Purchase of property, plant & equipment (including capital work-in-progress and capital advances).

Financing Activities

Net cash from financing activities for period ended March 31, 2020 was ₹ (12,696.81) lacs. This was on account of repayment of borrowings and payment of finance cost.

Net cash from financing activities for year ended 2019 was ₹ (4,853.36) lacs. This was on account of repayment of borrowings and payment of finance cost.

Net cash from financing activities for year ended 2018 was ₹ 1,840.60 lacs This was on account of repayment of borrowings and payment of finance cost.

Contingent Liabilities

The statement of contingent liabilities of our Company as restated are as mentioned in the table below:

(₹ in lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2018
i) Contingent liabilities:			
a) Income tax demands, pending in appeal	-	-	29.97
b) Central Excise demands, pending in appeal	69.61	112.58	144.03
c) Sales tax demands, pending in appeal	-	-	134.15
d) TANGEDCO demands, pending in appeal	1,166.91	1,046.30	916.81
e) Demand of Service tax on the amounts paid to Foreign Service Providers is under dispute and an appeal has been filed before the Honourable Madras High Court, Chennai.	75.08	75.08	75.08
f) Infrastructure and amenities charges levied by Department of Town and Country Planning, for which the Company has jointly made appeal to Honourable High Court along with industrial units in the location and the Honourable High Court has given a stay order.	79.60	79.60	79.60
ii) Commitments:			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
Tangible assets	-	1,500.00	1,250.00

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.

Capital Expenditures

Our capital expenditures are mainly related to the purchase of fixed assets located in India. The primary source of financing for our capital expenditures has been cash generated from our operations and borrowings.

Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in the market prices, including interest rate risk, foreign exchange risk, credit risk and inflation risk. We believe that our principal market risks are equity price risk, foreign exchange risk, interest rate risk and credit risk.

Total Debt

For details of our borrowings, please see section titled *"Financial Indebtedness"* on page 194 of this Draft Letter of Offer.

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 24 and 182, 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 24.

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 24 and 182, 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 quality products, brand loyalty, timely supply and better sourcing of raw-material. Due to which, we are able to stay competitive. For further details, kindly refer the chapter titled *"Our Business"* beginning on page 92.

Total Turnover of Each Major Business Segment

We currently operate in one business segment i.e. Textiles.

New* Product *or Business Segment

Except as disclosed in "*Our Business*" on page 92, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

We are impacted by seasonal variations in sales volumes, which may cause our revenues to vary significantly between different quarters in a Fiscal. Typically, we see an increase in our business during the festive periods and various seasons across the globe. Therefore, our results of operations and cash flows across quarters in a Fiscal may not be comparable sequentially and any such comparisons may not be meaningful, or may not be indicative of our annual financial results or our results in any future quarters or periods, see the section titled "*Risk Factors*" beginning on page 24.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Draft Letter of Offer, particularly in sections "*Risk Factors*" on page 24, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Related Party Transactions

For details please refer to the discussion in the chapter titled "*Financial Information*" beginning on page 122.

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 92 and 24 respectively, to our knowledge no circumstances have arisen since March 31, 2020, 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 December 31, 2020, our total outstanding secured borrowing was ₹ 52,183.69 lakhs and total outstanding unsecured borrowing was ₹ 3,400 lakhs.

Further, pursuant to a special resolution passed in the Annual General Meeting of our Company held on August 25, 2014, 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 ₹ 75,000 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

As on December 31, 2020, we have availed secured loan of ₹ 52,183.69 lakhs, that are outstanding as of date. The following table provides the details of the secured loans availed by our Company as on December 31, 2020:

S. No.	Loan particulars*	Sanctioned amount (₹ in lakhs)	Amount outstanding as on December 31, 2020 (₹ in lakhs)
1.	**TERM LOAN FACILITIES**		
	ICICI Bank Limited	7,000	1,759.38
	Indian Bank	16,417	11,293.03
	DCB Bank Limited	2,500	1,567.68
	Indian Overseas Bank	2,960	2,728.60
	SIPCOT	2,616	2,554.90
A.	**Total Term Loan Facilities**	**31,493**	**19,903.59**
2.	**WORKING CAPITAL FACILITIES**		
	Indian Bank	5,200	5,008.70
	Karur Vysya Bank Limited	1,250	980.74
	DCB Bank Limited	2,500	2,520.92
	Bank of Maharashtra	1,000	103.85
	Bank of Bahrain & Kuwait B.S.C.	2,200	1,953.70
	Indian Overseas Bank	15,000	7,593.47
	Union Bank of India	7,850	5,403.54
	Punjab National Bank	8,400	4,915.28
	ICICI Bank Limited	6,000	3,799.90
B.	**Total Working Capital Facilities**	**49,400**	**32,280.10**
	Total Facilities (A+B)	**80,893**	**52,183.69**

**The Board of Directors in their meeting dated January 25, 2021 have issued an in-principal approval for Corporate Debt Restructuring under the Scheme "Resolution framework for COVID-19 related stress" as per the RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dt: August 06, 2020. However, as of date of this Draft Letter of Offer, no change has occurred in the financial indebtedness of the Company pursuant to the said scheme.*

SECURED BORROWING OF OUR SUBSIDIARY

As on December 31, 2020, our Joint Venture and Subsidiary, Young Brand Apparel Private Limited has availed secured loan of ₹ 7,903.31 lakhs, that are outstanding as of date. The following table provides the details of the secured loans availed by our Subsidiary as on December 31, 2020:

S. No.	Loan particulars	Sanctioned amount (₹ in lakhs)	Amount outstanding as on December 31, 2020 (₹ in lakhs)
1.	**TERM LOAN FACILITIES**		
	Punjab National Bank		

S. No.	Loan particulars	Sanctioned amount (₹ in lakhs)	Amount outstanding as on December 31, 2020 (₹ in lakhs)
	Demand Loan under PNB COVID-19 Emergency Credit Facility	520	113.77
	Corporate Loan	333	109.45
	Term Loan – Fresh	2,400	1,152.53
	Term Loan - II	1,177	971.37
A.	**Total Term Loan Facilities**	**4,430**	**2,347.12**
2.	**WORKING CAPITAL FACILITIES**		
	Punjab National Bank		
	PC/PCFC	7,200	4,110.80
	Inland/ Import LC	3,000	1,445.39
	Forward Contract	360	Nil
B.	**Total Working Capital Facilities**	**10,560**	**5,556.20**
	Total Facilities (A+B)	**14,990**	**7,903.31**

Principal terms of borrowings applicable to our Company and our Subsidiary:

a. Interest:

The interest rate charged by the banks has been provided below:

1) ***Working Capital Facilities****:*

a) The interest rates charged for working capital facilities availed by our Company are as follows:

S. No.	Name of the Bank	Interest Rate
1.	Indian Bank	One-year Marginal Cost of Funds based Lending Rate ("**MCLR**") + Spread 3.15% + 1%.
2.	Karur Vysya Bank Limited	One-year MCLR + Spread 1.75%
3.	DCB Bank Limited	6 months MCLR + Spread 0.41%
4.	Bank of Maharashtra	One-year MCLR + Spread 0.25% + 0.25%
5.	Bank of Bahrain & Kuwait	WDCL – at rates agreed upon mutually from time to time; OCC - One-year MCLR + Spread 2.50%
6.	Indian Overseas Bank	OCC- One year MCLR + Spread 0.2% + 2.75% PCFC- at the rate stipulated by the Bank on the due date of disbursement
7.	Union Bank of India	One-year MCLR + Spread 2.90%
8.	Punjab National Bank	One-year MCLR + Spread 4.50%
9.	ICICI Bank Limited	Floating rate of interest charged at the rate stipulated by the at the time of disbursement which shall be sum of MCLR + Spread PCFC- at the rate stipulated by the Bank on the due date of disbursement

The rate of interest on Export Credit / FCNR borrowings and charges for other non-fund based facilities will be charged at the rates applicable on the date of transaction.

b) The interest rate charged for the working capital facilities availed by our Subsidiary are as follows:

S. No.	Nature of Facility	Interest Rate
1.	PC/PCFC	As per RBI Directive/Bank's Guidelines
2.	Inland/ Import LC	at rates prevailing at the time of transactions
3.	Forward Contract	at rates prevailing at the time of transactions

2) ***Term Loan Facility:***

a) The interest rate charged for the term loan facilities availed by our Company are as follows:

S. No.	Name of the Bank	Interest Rate
1.	ICICI Bank Limited	Floating rate of interest charged at the rate stipulated by the at the time of disbursement which shall be sum of MCLR + Spread

S. No.	Name of the Bank	Interest Rate
2.	Indian Bank	One Year MCLR + Spread 3.15% + 1.00%
3.	DCB Bank Limited	3 months MCLR
4.	Indian Overseas Bank	One Year MCLR + Spread 2.50% + 0.2%
5.	SIPCOT	Nominal interest rate of 0.1%

b) The interest rate charged for the term loan facilities availed by our Subsidiary are as follows:

S. No.	Nature of Facility	Interest Rate
1.	Demand Loan under PNB COVID-19 Emergency Credit Facility	Floating rate of interest charged at the rate of 8.25% of MCLR.
2.	Corporate Loan	Floating rate of interest charged at the rate of 4.00% of MCLR.
3.	Term Loan – Fresh	Floating rate of interest charged at the rate of 4.00% of MCLR.
4.	Term Loan – II	Floating rate of interest charged at the rate of 4.00% of MCLR.

b. Tenor:

The working capital facilities availed by our Company are repayable within the range of 180 days to 01 year or are generally repayable on demand. The tenor of the term loans ranges from 3 years to 10 years.

The working capital facilities availed by our Subsidiary are repayable as per the RBI Directive/Bank's Guidelines or are generally repayable on demand. The tenor of the term loans ranges from 1 year to 08 years.

c. Security Details of the above-mentioned borrowings availed by our Company and our Subsidiary:

In terms of the borrowings here security needs to be created, we are typically required to:

a. create charge on certain movable and immovable assets of our Company and our Subsidiary (both present and future), including current assets, book debts, future stocks and receivables; and

b. issue demand promissory notes and letters of continuity.

In most cases, the security created in favour of a lender is on a *pari passu* basis with other lenders. Further, the details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us or by our Subsidiary.

d. Personal Guarantee: Nil.

e. Corporate Guarantee:

Our Company has executed a corporate guarantee in favour of SIPCOT for the Soft loan sanctioned to us. Our Company has also provided a corporate guarantee in favour of Punjab National Bank for the secured loans availed by our Joint Venture and Subsidiary, Young Brand Apparel Private Limited.

f. Repayment: The term loans availed by our Company and our Subsidiary are typically repayable in annually, monthly, quarterly and semi-annually instalments and the working capital facilities are typically repayable on demand.

g. Restrictive Covenants under the Secured Loans:

Our Company and our Subsidiary shall not without the prior consent of the bank:

- grant a charge (including a *pari passu*, first, second or subservient charge) or create, or agree, or attempt to create any other security interest in any way, manner or form over the Equipment (now or in future) in favour of any other person;
- enter into a single transaction or series of transactions (whether related or not and whether voluntary or involuntary) to transfer, assign or otherwise dispose of the Equipment;
- sell, assign, convey, transfer, encumber, dispose of or part with or create or permit to exist or cause to be created any other security interest on any or all of the equipment till the final settlement date, or create any security interest or do or permit to be done any act or thing whereby the charge created or purported to be

created under the deed may be impaired or affected in any manner whatsoever or which may otherwise prejudice the rights of the secured parties;

- create, grant or permit to subsist any restriction on the ability to transfer or realize, all or any of its rights, title and interests in the equipment or any part thereof;
- do or permit to be done anything which could prejudice the charge in any manner;
- transfer or assign any of its rights, benefits and obligations under the lending documents;
- implement any scheme of Expansion / Modernization / Diversification, except which are approved by the Bank;
- formulate any scheme of merger /acquisition /amalgamation / reconstitution;
- carry out any change in the management set-up / capital structure of the Company;
- enter in to borrowing either secured or unsecured with any other Bank / Financial institution/corporate body;
- invest / deposit / lend funds to group firm & companies / directors / family members / other corporate bodies / firms / persons;
- create any further charge. lien or encumbrances over the assets charged to the Bank in favour of any other bank, financial institution NBFC, firm, company or person or otherwise dispose off any of the fixed assets;
- undertake guarantee obligation on behalf of any other borrower, group firms / companies;
- remove the plant and machinery attached to the premises, if any, mortgaged to the Bank and in case of such removal shall replace the same by machinery, plant and fixtures and things of equivalent nature and value, provided that in the event of the Bank agreeing in writing that any machinery plant or things as aforesaid so removed was redundant or became worn out or obsolete and need not be replaced the same may be sold and the sale proceeds applied towards the satisfaction or payment of the amount(s) due to the Bank;
- (a) allow any Receiver to be appointed of the undertaking or of the properties, immoveable and moveable of the Company mortgaged, pledged and/or charged to the Bank or any part thereof (b) allow any distress or execution to be levied upon or against the same or any part thereof and (c) Articles to be make or attempt to make without the previous consent of the Bank in writing any alterations of its Memorandum or Articles of Association in case of honor in its capital structure;
- enter into any contractual obligation of a long term nature or which, in the reasonable assessment of the Bank, is detrimental to Company's interest, viz. acquisitions beyond the capability of Company as determined by the resent scale of operations or tangible net worth of the Company or the promoters etc.;
- change the practice with regard to remuneration of Directors by means of ordinary, remuneration or commission, scale of sitting fees etc. except where mandated by any legal or regulatory provisions.
- borrow or raise money either unsecured or on the security of any or all of the equipment (either in priority to the charge or otherwise);
- undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
- permit any transfer of the controlling interest or making any drastic change in the management set-up including resignation of promoters directors;
- pay any consideration, in whatever form, to the guarantors/guaranteeing directors, either directly or indirectly for guaranteeing the credit limits sanctioned by the Bank;
- pay commission / brokerage / fees etc. to Guarantor or any other person for guaranteeing the facilities sanctioned to the Company;
- declare dividends for any year, except out of the profits related to that year, after paying all due and making provisions as required for that year, provided there is no default in repayment obligation by the Company;
- allow the level of net working Capital to come down from the estimated / projected level;
- save and except as herein specifically provided for, the Company shall not create any further or an additional charge on the hypothecated premises;
- permit any changes in the ownership of control of the Company whereby the effective beneficial ownership or control of the Company shall change;
- effect any material changes in the management of the business of the Company;
- effect any drastic change in the management setup;
- revaluing the assets of the Company;
- changing the accounting system of the Company radically;
- enlarge the scope of other manufacturing/trading activities, if any undertaken at the time of the application and notified to the Bank as such;
- withdraw or allow to be withdrawn any monies brought in by its proprietors, partners, relatives and friends or proprietors/partners/promoters or directors;
- make any amendments in the Company's Memorandum and Articles of Association;
- during the tenure of the loan avail or obtain any further loan or facility on the asset constituting the Bank's security;

- enter into nor shall call upon the Company or agree to the Company entering into any arrangement with any person including but not limited to a Depository Participant, Depository etc., for availing any services contemplated under the Depositories Act, 1996 or otherwise in respect of the shares forming subject matter of restrictions under this undertaking;
- shall not stand as surety or guarantor for any third party liability or obligation;
- shall not create any charge over any property whether secured or unsecured except with the permission of the Bank;
- shall not bank with any other bank without the prior consent of the Bank;
- shall not create any lien on the properties or goods hypothecated to the Bank;
- may assign or transfer any rights or obligations arising from the loan agreement in whole or part to third parties without the prior consent of the Bank and the Reserve Bank of India;
- shall keep the bank informed of all development regarding such obligations, claims, cost, damages, demands, expenses, losses and liabilities and shall not dispute, compromise or otherwise deal with the same subject to the consent given by the Bank;
- shall not to sell, pledge, hypothecate, hire or otherwise deal with the Product or part with the possession of the product or remove it out of the state where the original delivery was effected without the express written permission of the lender previously obtained and also not to use the Product for any purpose other than that declared in the Company proposal /application as the case maybe;
- shall always remain in possession of the product and not to pledge, hire or otherwise deal with the product;
- not repay the unsecured loans and share application money during the currency of Bank finance without Bank's prior permission and all the unsecured loans would be subordinated / to Bank loan;
- not withdraw the promoter's contribution brought in by way of unsecured loans during the tenure of the loan, is to be obtained;
- not utilize the loan for a) Subscription to or purchase of shares and debentures and b) Extending loans to subsidiary companies/associates or for making inter-corporate deposits;
- not except in the ordinary course of business receive, release or compound any of the said debts and assets without the consent in writing of the Bank and will not do anything whereby the recovery thereof may be impeded, delayed, prejudiced, prevented or becomes time barred ;
- enter into any agreement or arrangement with any person or institution, or government body, for the use, occupation, development or disposal of the secured assets or any part thereof;
- amalgamate or merge the mortgaged property with any person, institution or government body for the use, occupation development or disposal of the secured assets;
- undertake guarantee obligations on behalf of any company, firm or person;
- pay guarantee commission to the guarantors whose guarantees have been stipulated or furnished by the facilities;
- invest by way of share capital or lend or advance funds to or place deposits with any concern;
- be entitled to redraw any amount prepaid in accordance with the loan agreement;
- allow the promoters to disinvest or transfer their shareholding in the Company;
- take up a new project or large scale expansion;
- make investments in or give loans to subsidiaries, associate concerns, individuals or other parties;
- not rent or alientate of part with the possession of the secured property in any manner whatsoever either partly or wholly during the tenure of the loan;
- not create or attempt or agree to create or permit to rise or exist any encumbrance or security interest or any kind, whatsoever over all or any part of the pledged shares or otherwise assign, transfer deal or dispose off all or any pledged shares;
- grant in favour of any other person any interest in or any option or other ilghts.in respect of any of the pledged shares;
- cause or permit to be done anything which may in any way depreciate, dilute, diminish, jeopardize or otherwise, prejudice the value of the pledged;
- utilize its voting power, as a shareholder of the Company Viz. M/s Palladam Hl Tech Weaving Park to vole against any resolution for which would have the effect of diluting the Pledged Shares of 100% of the total shares issued and paid up share capital of the said company;
- pay dividend other than out of current years' earnings after making due provisions; and
- repay the loans and discharge other liabilities.

h. Events of Default: In terms of borrowing arrangements for the facilities availed by us, the occurrence of any of the following, among others, constitute an event of default:

1) The Company commits any default in the payment of interest, principal, other charges or any obligation and in the payment of any other amount to the Bank when due and payable unless the reason for the delay is an administrative or technical error or disruption error;
2) A material deterioration of the financial circumstances of the Company and/or exceptional circumstances are imminent to occur with imperil, delay or preclude the fulfilment of the payment obligation of the Company under the finance documents;
3) If there is any deterioration or impairment of the securities (if any given to the Bank as security) or any part thereof or any decline or depreciation in the value or market price thereof (whether actual or reasonably anticipated), which 'causes the security in the judgment of the Bank to become unsatisfactory as to character or value;
4) A notice is served on the Company under the provisions of the Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
5) The Company fails to pay to any of its creditors other than the Bank any amount when due and payable or any creditor other than the Bank demands repayment of the loan or dues or liability of the Company to such person ahead of its normal repayment terms as previously agreed between the creditor and the Company;
6) The Company fails to perform any of its obligations of this Agreement or breaches any of the terms or conditions of this Agreement or any other security documents, undertakings, etc. executed in favour of the Bank;
7) The death, failure in business going into liquidation or dissolution, amalgamation or reconstruction except with prior written consent of the Bank general assignment for the benefits of the creditors, if the Company suspends payment to any creditors or threatens to do so filing of any petition of winding up against the Company;
8) Any of the information provided by the Company to avail the loan facility or any of the Company's representations, warranties herein being found to be or becoming incorrect or untrue;
9) Any person other than the Bank commencing proceedings to declare the Company insolvent or if the Company shall become bankrupt or insolvent or commit an act of insolvency;
10) The value of any security created or tendered by the Company in the sole discretion and decision of the bank depreciates entitling the Bank to call for further security and the Company fails to give additional security;
11) The Company fails to create the security as provided therein;
12) The bank for any regulatory or other reasons is unable or unwilling to continue the loan facility;
13) If a receiver or receivers are appointed in respect of the whole or any part of the property or assets of the Company or if any attachments, distress, execution or other process against the Company or any of the securities is enforced or levied upon;
14) The occurrence of any event or circumstance which prejudicially or adversely affects in any manner the capacity of the Company to repay the amount under the facilities;
15) The Company fails to observe or comply with any of the terms of this Deed and / or the Facility Documents and / or any other document in respect of the Facility / in relation to this Deed;
16) Any litigation, arbitration, investigative or administrative proceeding is current, pending or threatened which the Bank determine has or might, if adversely determined, have a material adverse effect on:
    (i) the condition (financial or otherwise), assets, operations, prospects or business of the Company or;
    (ii) the ability of the Company and comply with its obligations under this Deed and / or the Facility Documents and/or the Facility; or .
    (iii) the validity, legality or enforceability of the rights or remedies of the Bank under this Deed and / or the Facility Documents: and/or the Facility: or
    (iv) the validity, Legality or enforceability of any security created in respect of the Facility or on the priority or ranking of any such security,
17) If any event of default occurs under the Facility Documents and / or any other document in relation to the Facility; or any other event occurs which in the sole opinion of the Bank is likely to adversely affect:
    (i) the ability of the Company to perform its obligations under this Deed and / or Facility Documents and/or any other document in relation to the Facility and / or Facility; or
    (ii) the validity, legality or enforceability of, or the rights or remedies of the Bank under this Deed and / or the Facility Documents and/or any other document in respect of the Facility; or
    (iii) the validity, legality or enforceability of any security created / to be created by the Company in respect of the Facility or on the priority. or ranking of any such security.
18) The Company is declared as a relief undertaking under the provisions of the Bombay Relief Undertakings (Special Provisions) Act, 1958 or the Company becomes entitled to any similar immunity in any jurisdiction under any similar statute;
19) Any financial indebtedness of the Company is not paid during the grace period;
20) Any order of attachment, distress, execution or other similar process is enforced against the Company and/or upon the secured assets and/or any other security provided to the Bank in relation to the Facility;

21) The Company entering into any arrangement or composition with committing Company's creditors or any act the consequence of which may lead to the Company (in case of an individual) being declared insolvent (and in case of public or a private limited company) of being ordered to be wound up;
22) execution or distress being enforced or levied against the whole or any part of the Company's property;
23) The Company fails to maintain the stipulated margin as aforesaid or if the Company fails or neglects to repay to the bank on demand the balance then due to the bank;
24) If the Company ceases or threatens to cease or carry on its Business or if the co-borrower opts to resign or retires from the employment prior to the age of superannuation or is discharged or removed from service such date for any reason whatsoever;
25) If it is certified by an account or a firm of accountants appointed by the Bank that the liabilities of the Company exceed the Company's assets or that the Company is carrying on business at a loss;
26) If the Company fails to pay any tax, imposts, duties, levies or other taxes or impositions in relation to the hypothecation as may be applicable under laws or regulations from time to time;
27) If any circumstance or event occurs which would or is likely to prejudicially or adversely affect in any manner the capacity of the Company to repay the loan facilities or any part thereof;
28) If the loan facility or any part thereof is utilised for any purpose other than the purpose for which it is supplied by the Company and sanctioned by the Bank;
29) If any attachment, distress, execution or other process against the Company or any of the securities is enforced or levied upon;
30) If any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardise or is likely to prejudice, impair, imperil, depreciate or jeopardise, security given by the Company or any part thereof;
31) If the Company without prior written consent of the Bank attempts or purports to create any charge, mortgage, pledge, hypothesis, lien or other circumstance over the Company's property or any part thereof which is or shall be the security for the repayment of the said dues except for securing any other obligation of the Company to the Bank;
32) Upon happening of any substantial changes in the constitution or management of the Company without previous written consent of the Bank or upon the management ceasing to enjoy the confidence of the Bank;
33) If the Company fails to furnish my information any information required by the Bank;
34) If the Company fails to furnish to the Bank detailed end use statement of the Loan as and when required by the Bank within the time prescribed by the Bank; and
35) All or substantially all of the undertaking, assets or properties of the Company or its interest therein are seized, nationalised, expropriated or compulsorily acquired by the authority of the Government.
36) Any third party commences any seizure, enforcement or other steps which impair the first ranking security;
37) The first ranking security has not been created by the Company and/ or the Company has not furnished all the documents which are required to be provided to the facility agent within 180 days;
38) The first raking security has ceased to be legally valid or is restricted prior to the complete repayment of all loans and payment of all interest by the Company under the loan agreement;
39) The first ranking security has proved to be invalid or unenforceable;
40) The value of the vehicle or the or any security created or tendered by the Company in the sole discretion or decision of the Bank depreciates entitling the Bank to call for further security and the Company fails to give the additional security;
41) If the vehicle is destroyed, sold, disposed of, alienated, attached or restrained in any manner;
42) Fails to effect insurance cover of the product or fails to pay insurance premia as and when due or fails to reimburse the same to the lender if paid by the lender, or under any other document furnished to the lender in connection herewith;
43) Without the lender's consent sells, transfers, parts with possession or sub-lets or charges or encumbers or creates any lien on or endangers the product in the opinion of the lender;
44) Is unable to prevent the product from being confiscated, attached or taken into custody by any authority or from becoming subject of any execution proceedings under the law;
45) The ECA policy has ceased to be legally valid or is restricted prior to the complete repayment of all loans and payment of all interest by the Company under the loan agreement and has proved to be invalid or unenforceable;
46) The Company without the prior written consent of the Bank attempts or purports to avail loan in connection with the purpose for which this loan has been availed from any other bank, financial institution, organisation company or any other person;
47) If the Company defaults in respect of any other indebtedness to the Bank or any of the group companies of Company defaults in respect of the indebtedness to the Bank; and
48) Any other event or circumstance set out in any other connect documents.

i. Consequences of default: In terms of our borrowing arrangements for the facilities availed by us, upon the

occurrence of events of default, our lenders shall have the right to forthwith:

1) declare outstanding amounts immediately due and payable and call upon the Company by issuance of a loan recall notice to forthwith pay the outstanding balance of the loan together with the interest and all sums due and payable to the Bank;
2) inspect, value, insure, take charge of and/or seize, recover, receive, and/or take possession of as may be applicable all or any of the assets and all books of accounts, documents, vouchers and other records relating thereto on such terms and in such manner as the lender shall think fit and the security provider shall afford every facility for placing and shall place the assets in the possession and control of the lender (which is to be held on a pari passu basis along with the Existing Lenders, if any);
3) at any time after taking possession or control of the assets (without prejudice to the lender's rights and remedies against the security provider), to grant security over, remove and/or sell the assets or any of them by public auction or private contract without intervention of the court and subject to such terms and conditions as the lender may think fit, and/or settle or compromise any claim in respect of such assets and to give valid and effectual receipt(s) and discharge(s) for the same, and to transfer, deliver or otherwise deal with or dispose of the Hypothecated Assets or any rights or claims relating thereto in any manner whatsoever but without being bound to exercise any of these rights or powers or be liable for any loss or consequence in the exercise thereof except in the case of gross negligence or wilful misconduct on the part of the lender;
4) take physical possession of the assets hypothecated or mortgaged to the Bank and alienate, sell, transfer, the said properties either by itself or through its agents and sell or otherwise deal with the same to enforce the Bank's security and recover the dues;
5) take necessary steps to dispose off the assets at the risk and cost of the Company in all respects after the issuance of pre-sale notice intimating the Company or the security provider that of the proposed sale;
6) manage or use any or all of the equipment and to exercise and do all such rights and things as the security agent would be capable of exercising or doing if it were the absolute owner of the equipment;
7) appoint or discharge employees, officers, security trustees, professionals and others for the purpose hereof upon such terms as to remuneration or otherwise as the security agent (acting for and on behalf of the secured parties) may deem fit;
8) obtain all clearances. consents and permissions, approvals and any other consents or licenses necessary or appropriate to carry out any of the matters referred to in this Deed or otherwise as the lender shall consider fit;
9) redeem any prior encumbrance and settle and pass the accounts of the encumbrances so that any accounts so settled and passed shall be conclusive and binding on the security provider;
10) settle, refer to compromise and arrange any claims, accounts, disputes, questions and demands with or by any person or body who is or claims to be a creditor of the security provider or otherwise in any way relating to the assets, or any part thereof;
11) bring, prosecute, enforce, defend and discontinue all such actions and proceedings in relation to the assets, or any part thereof, as the lender or the receiver appointed by it shall consider fit;
12) do all such things and take all such action as may be required in order to ensure the continued safe, efficient and economical operation / maintenance of the assets;
13) take any of the actions permitted to be taken pursuant to these presents as the attorney of the security provider and take any action as the legal and beneficial owner of the assets would be entitled to take;
14) borrow or raise money either unsecured or on the security of any or all of the equipment (either in priority to the charge or otherwise);
15) in the event of default in repayment to the Bank or if cross default has occurred, the Bank will have the right to appoint its nominee on the Board of Directors of the Company to look after its interests;
16) in the event of default, or where signs of inherent weakness are apparent, the Bank shall have the right to securitise the assets charged and in the event of such securitization, the Bank will suitably inform the Company;
17) to remove, and/or sell by public auction or by private contract, despatch or consign for realisation or otherwise dispose of or deal with all or any part of the Assets and enforce, realise, settle, compromise and deal with any rights or claims relating thereto without being bound to exercise any of these powers or be liable for any losses in the exercise or non-exercise thereof;
18) to be freed and discharged and well and sufficiently saved and kept harmless and indemnified of, from and against all former and other estates, titles, claims. demands, charges and encumbrances whatsoever, or to direct the Company and/or other concerned person to sell, assign or otherwise liquidate, any or all of the Assets, to claim the proceeds of any such sale or liquidation;
19) to retain all amounts and/or other proceeds received or receivable by the Bank in respect of the assets and use them, in whole or part, towards repayment / payment of all amounts in respect of the secured facilities,

20) to direct the Company and/or other concerned person in writing to deliver the assets to the Bank on a date and time indicated by the Bank, in which event the Company shall, at its own expense:
(i) deliver / forthwith cause the same to be delivered to the Bank,
(ii) provide / cause to be provided such guards and maintenance services as shall be necessary to protect the same.
21) settle, compromise, and deal with any rights/claims relating to the equipment including the right to take, arrange, defend, settle, compromise, submit to arbitration and discontinue any actions, suits or proceedings whatsoever whether civil or criminal in relation to the equipment or which in any way relate to the charge created hereunder;
22) The Bank, at any time after the security hereby created has become enforceable and whether or not the Bank shall then have entered into or taken possession of and in addition to the powers hereinbefore conferred upon the Bank after such entry into or taking possession of, may have a receiver or receivers (the "**Receiver**") appointed of the Assets or any part thereof. The following provisions shall apply to such Receiver:
(i) Unless otherwise directed by the Bank, such Receiver shall have and exercise all powers and authorities vested in the Bank;
(ii) Such Receiver shall, in exercise of his powers, authorities and discretions, conform to the regulation and directions from time to time made and given by the Bank;
(iii) The Bank, may from time to time, fix the remuneration of such Receiver and shall] direct payment thereof out of the Assets, but the Company alone shall be liable for the payment of such remuneration,;
(iv) The Bank may, from time to time and at any time, require such Receiver to give security for the due performance of his duties as such Receiver and may fix the nature and amount of the security to be given to the Bank but the Bank shall not be bound to require such security in any ease;
(v) The Bank may pay over such Receiver any monies constituting part of the securities to the intent that the same may be applied for the purpose hereof by such Receiver and the Bank may, from time to time, determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver;
(vi) Every such Receiver shall be the agent of the Company for all purposes and the Company alone shall be responsible for his acts and defaults, floss or misconduct and liable on any contract or engagement made or entered into by him and for his remuneration and the Bank shall not incur any liability or responsibility therefor by reason of their making or consenting to his appointment as such Receiver.
23) manage and use any or all of the equipment and to exercise and do (or permit the Company or any nominee of it to exercise and do) all such rights and things as the security agent (acting for and on behalf of the Secured Parties) would be capable of exercising or doing if it were the absolute owner of the equipment;
24) On any default by the Company in payment of any money hereby secured or the performance of any obligation to the Bank under these presents or in the event of the existence of any circumstances which in the opinion of the Bank mighty endanger this security to take possession of remove recover receive appoint receivers of or deal in any manner with all or any part of the said Book Debts and give notices to an make demands on debtors and other parties liable and enforce realize settle compromise submit to arbitration and deal in any manner with any rights claims or disputes relating to the said Book-Debts. Provided however that before sale of the said Book-Debts forty-eight hours notice shall be given to the Company and such notice is agreed to be reasonable notice for such purpose.
25) All expenses incurred by the Bank in exercising the aforesaid powers shall be payable by the Company and may be debited by the Bank to the said Overdraft/Cash Credit Account including all other costs (between attorney/advocate and client) incurred or to be incurred by the Bank in connection herewith or with the enforcement, realization or attempted enforcement or realization of the security hereby created or the protection or defense or perfection thereof or for the recovery of any moneys hereby secured and of all suits and proceedings of whatsoever nature for the enforcement or realization of the security hereby created or the recovery of such moneys or otherwise in connection herewith or otherwise involved by reason of the existence of the security hereby created.
26) The Company agrees to accept the Bank's accounts of sales and realization as sufficient proof of any amount realized and relative expenses and other matters stated therein and to pay on demand s\any shortfall or deficiency due to the Bank.
27) The Company agrees to execute on demand by the Bank such further documents as may be required by the Bank to vest the said debts or any of them in the Bank or to render the same readily realizable or transferable by the bank at any time.
28) The Company hereby further agrees that in case the Company fails to pay the Bank's dues or commits default in the repayment of the loan instalment(s) or interest thereon on due date(s), or the account of the Company becomes Non-Performing Assets as per the Reserve Bank of India's norms, the Bank will be at liberty to disclose or publish the name(s) and address(es) of the Company or its Directors as defaulter along with the details of outstanding dues payable by such Company to the Bank and also other relevant details in

newspaper and other publicity media. The Bank will also be at liberty to provide information about defaulted advances to RBI., Enforcement Directorate, ECGC, CIBIL or any other Statutory authorities as may be deemed necessary.

29) the Bank shall after giving notice be entitled to forthwith take physical possession of the vehicle and alienate sell, transfer the vehicle either by itself or though its agents and sell or otherwise deal with the same to enforce the bank's security and recover the dues, without the intervention of the Court. In the exercise of the powers herein contained, the Bank shall not be bound or liable for any losses the Company may suffer as a result of the said realisation and sale. in the event of the Bank or its authorised representatives being prevented from securing possession of the Vehicle, the representatives of the Bank shall be entitled to break open the lock and enter the premises for the purpose herein stated;
30) The Bank shall be at liberty to apply any other moneys in the hands of the Bank Standing to Company's credit or belonging to the Company in or towards the payment of the balances under the facility secured obligations, provided that nothing herein contained shalt in any manner prejudice or affect any other remedy of the Bank against the Company,
31) cancel the undrawn commitments under the facility;
32) suspend any withdrawal under the facility;
33) enforce the security;
34) exercise any other rights under the financing documents/applicable law;
35) to review/restructure the management and board of our Company;
36) to appoint one (1) nominee director on the board of our Company;
37) convert the facility (or any part thereof) into equity share capital of our Company;
38) appoint any Chartered Accountants /Cost Accountants, as auditors, for carrying out any specific assignments or as concurrent or internal auditors, or for conducting a special audit of our Company;
39) make a claim against the guarantor under the guarantee issued in terms of the agreements executed for the facility extended to the Company;
40) if the pledge is invoked, the pledgor shall be entitled to exercise all voting and other consequential rights pertaining to the pledged shares/ except the to sell, transfer or encumber any part of the pledged shares in any manner whatsoever, for any purpose, provided such rights shall not be exercised ln any manner that is inconsistent with the terms, undertakings and covenants contained in this Agreement. All such rights of the Pledgor to vote shall cease forthwith upon the invocation of the Pledge.
41) revoke or recall the concessional rate of interest as stipulated in the sanction conditions pursuant to which the Company shall be liable to pay interest rate calculated without any such concessions or discount; and
42) take any such action and / or measure as may be decided by the Bank in its sole discretion.

UNSECURED BORROWINGS

Our Company has availed the following unsecured borrowings:

(₹ in lakhs)

Particulars	**Amount sanctioned**	**Amount outstanding as on December 31, 2020**	**Amount outstanding as on March 31, 2021**
Inter corporate deposit received from Murugan Enterprise Private Limited	3,900	3,400	3,900
Total Unsecured borrowings	**3,900**	**3,400**	**3,900**

MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and actively being traded on BSE and NSE from November 14, 2005.

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 Exchanges 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 (₹)
2021	160.30	Jan 12, 2021	2,649	4,18,373	60.75	Mar 12, 2021	6,137	3,75,929	95.11
2020	194.90	Apr 16, 2019	161	31,312	67.50	Mar 31, 2020	5	337	135.36
2019	254.85	Apr 13, 2018	366	92,754	168.95	Feb 08, 2019	830	1,41,466	213.98

(Source: www.bseindia.com)

b) National Stock Exchange of India 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 (₹)
2021	153.75	Feb 08, 2021	40,734	62,36,276	60.60	Mar 12, 2021	36,389	22,27,374	89.02
2020	191.10	Apr 09, 2019	2,359	4,56,501	66.40	Mar 24, 2020	1,257	86,845	137.33
2019	252.85	Apr 10, 2018	5,599	14,17,858	169.60	Feb 08, 2019	1,372	2,37,513	210.78

(Source: www.nseindia.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 October 2020 to March 2021 was 118. The average volume of Equity Shares traded on BSE was 10180 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 (₹)**
Oct 2020	Oct 06, 2020	97.70	5,333	5,39,451	Oct 22, 2020	84.95	622	52,456	88.80
Nov 2020	Nov 09, 2020	91.00	2,571	2,33,224	Nov 04, 2020	83.35	626	52,980	87.68
Dec 2020	Dec 28, 2020	140.55	10,111	14,07,982	Dec 02, 2020	91.75	1737	1,59,203	113.73
Jan 2021	Jan 12, 2021	160.30	2,649	4,18,373	Jan 01, 2021	137.95	833	1,12,096	147.38
Feb 2021	Feb 08, 2021	153.85	5,068	7,78,149	Feb 22, 2021	66.95	3,827	2,59,576	104.88
Mar 2021	Mar 18, 2021	67.95	4,128	2,80,017	Mar 12, 2021	60.75	6,137	3,75,929	64.37

(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.*

b) **National Stock Exchange of India Limited**

The total number of days trading during the past six months, from October 2020 to March 2021 was 102. The average volume of Equity Shares traded on NSE was 46,000 per day.

The high and low prices and volume of Equity Shares traded on the respective date on NSE during the last six months preceding the date of filing of this Draft Letter of Offer are as follows:

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 (₹)**
Oct 2020	Oct 06, 2020	98.90	77,096	78,17,270	Oct 21, 2020	84.50	2,284	1,95,757	88.52
Nov 2020	Nov 09, 2020	90.75	2,166	1,90,725	Nov 03, 2020	83.60	2,085	1,75,983	87.52
Dec 2020	Dec 28, 2020	140.10	101759	1,41,58,625	Dec 02, 2020	90.45	11,383	10,38,595	112.44
Jan 2021#	-	-	-	-	-	-	-	-	-
Feb 2021	Feb 08, 2021	153.75	40,734	62,36,276	Feb 22, 2021	67.30	18,240	12,46,361	102.90
Mar 2021	Mar 03, 2021	67.70	18,225	12,35,447	Mar 12, 2021	60.60	36,389	22,27,374	64.33

(Source: www.nseindia.com)
** High and low prices are based on the high and low of the daily closing prices.*
***Average of the daily closing prices.*
#No records available on the NSE site for the month of January 2021

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 August 13, 2020. The high and low prices of our Company's shares as quoted on BSE and NSE on August 14, 2020, 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			
August 14, 2020	12,306	102.40	90.50
NSE			
August 14, 2020	78,085	98.60	89.10

Source: www.nseindia.com and 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, Subsidiaries or Promoters; (ii) actions by any statutory or regulatory authorities involving our Company, Directors, Subsidiaries or Promoters; or (iii) claim involving our Company, Directors, Subsidiaries 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, Subsidiaries 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 January 25, 2021 ("**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, Directors and Subsidiaries:

i. where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of 01 percent of the turnover of our Company in the most recently completed Fiscal as per the Restated Standalone Financial Information which amounts to ₹ 943.44 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 ₹ 943.44 lakhs (being 01 per cent of the turnover of our Company for the Fiscal 2020 as per the Restated Standalone 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 (i) 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; and (ii) litigation involving our Subsidiaries which may have a material impact on our Company.

*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 10 per cent 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 ₹ 1,129.15 lakhs (being approximately 10 per cent. of total trade payables of our Company as at March 31, 2020 as per the Restated Standalone 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	01	69.61
Service Tax	Nil	Nil
Total	**01**	**69.61**
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*

Except as stated below, no disciplinary action has been taken against our Company by SEBI or Stock Exchanges in the past five years or is outstanding against us, as on date of this Draft Letter of Offer:

Our Company had submitted the financial statements for the quarter and year ended March 31, 2020 under Regulation 33 of the SEBI Listing Regulations with a delay of thirteen (13) days with the Stock Exchanges. BSE and NSE had imposed a fine of ₹ 64,900, respectively on us on account of the delayed compliance with the said provision, however, due to the extra-ordinary conditions persisting in our Company due to the ongoing pandemic, the Stock Exchanges condoned the delay and consequently waived the fine and refunded the amount paid by our Company.

ii. Litigation by our Company

1. *Criminal Proceedings*

a) A criminal petition bearing number 6890 of 2012 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. VII of Coimbatore against M/s. Dee Cee Exports and others (the "**Accused**") under Sections 138, 141 and 142 of the Negotiable Instrument Act, 1881 read with Section 200 of the Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied aggregating to ₹ 10.79 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. VII.

b) A small cause trial case bearing STC number 325 of 2018 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. VII of Coimbatore against M. Palanisamy and M. Manonmani partners of M/s. Sri Tharun Textiles (the "**Accused**") under Sections 138 and 142 of the Negotiable Instrument Act, 1881 for dishonour of cheques issued by the Accused to our Company for payment of consideration for goods supplied aggregating to ₹ 6.16 lakhs. The Hon'ble Judicial Magistrate No. VII has issued process against the Accused and presently the case is pending before the Hon'ble court of Judicial Magistrate No. VII for reissue of warrant.

c) A calendar case number 329 of 2016 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. VII of Coimbatore against M/s. Rhytham Fabric and M/s. Rhytham Fabrics (the "**Accused**") under Sections 138 and 142 of the Negotiable Instrument Act, 1881 read with Section 200 of Code of Criminal Procedure, 1973 for dishonour of cheque issued by the Accused to our Company for an amount of ₹ 4.57 lakhs paid towards the consideration for goods supplied aggregating to ₹ 14.84 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. VII.

d) A calendar case number 450 of 2019 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against V.P. Sivakumar, sole proprietor of M/s. Roots Inc. (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to ₹ 38.46 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

e) A calendar case number 1464 of 2018 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. K.G. Exims and others (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheque issued by the Accused for payment of consideration for goods supplied aggregating to ₹ 9.85 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

f) A calendar case number 370 of 2018 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. I of Coimbatore against M/s. Kumaran Knit Wear and others (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheque issued by the Accused for payment of consideration for goods supplied aggregating to ₹ 7.42 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. I.

g) A calendar case number 165 of 2019 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. Vikram Fashion and others (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 10 lakhs paid towards the consideration for goods supplied aggregating to ₹ 10.87 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

h) A criminal petition number 1729 of 2020 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. I of Tirpur against Lalithamani, proprietor of M/s. Mayura Garments (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to ₹ 9.78 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. I.

i) A calendar case number 425 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against Franklin Glory, proprietor of M/s. Frank Exports (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 35.98 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

j) A calendar case number 423 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against K. Saravanan, proprietor of M/s. Saravana Textiles (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 14.57 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 14.63 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

k) A calendar case number 430 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. Ess Ess Clothing Company and is managing partner, S. Divya (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with

Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 19.96 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 20.60 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

l) A calendar case number 428 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. Asia Pacific International and is authorized signatory, N. Sivasankar (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 17.27 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II

m) A criminal petition number 1725 of 2020 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. I of Tirpur against G. Parthiban, proprietor of M/s. Gopalaswamy (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheque issued by the Accused for payment of consideration for goods supplied aggregating to ₹ 13.15 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. I.

n) A calendar case bearing filing number 860 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M. Pavithran proprietor of M/s. Paveen Knit Wears (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 16.00 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 24.60 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

o) A calendar case bearing filing number 537 of 2012 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. VII of Coimbatore against Jawahar Paul Raj (the "**Accused**") under Sections 406, 420 and 12-B of the Indian Penal Code, 1860. The Accused was working in our Company as our Vice President (Marketing) and during the period of 2010-2011, he sold grey fabrics to his own company for a price lower than the market price and sold the same goods for a higher value to third parties on behalf of our Company, thus making undue profit to the extent of ₹ 77.77 lakhs. The trial is under process and presently the case is pending before the Hon'ble court of the Judicial Magistrate No. VII.

p) A calendar case bearing filing number 1313 of 2016 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. VII of Coimbatore against M/s. Sidharth Silk Mills and others (the "**Accused**") under Sections 138 and 142 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 5.41 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 17.75 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. VII for enquiry.

q) A calendar case bearing filing number 902 of 2018 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. Sidharth Apparels (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 23.71 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II for enquiry.

r) A calendar case bearing number 1406 of 2018 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against Rafeek Mohiteen, the sole proprietor of M/s. Sierra Sourcing (the "**Accused**") under Sections 138 and 142 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 48.90 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 52.47 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II for enquiry.

s) A calendar case bearing number 1399 of 2019 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M. Paramasivam and P. Prabha, proprietors of M/s. Primo Fashions (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 11.22 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 32.17 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II for enquiry.

t) A case bearing FR number 2493 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against B. Balasubramaniam, proprietor of M/s. Brahmma Creations (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 7.65 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 11.23 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

u) A calendar case bearing number 275 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against Lalithamani, proprietor of M/s. Mayura Garments (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 13.86 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

v) A calendar case bearing number 269 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. I of Coimbatore against K. Mohamed Yousaf, proprietor of M/s. JK Fashion (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 14.71 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. I.

w) A calendar case bearing number 431 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against N. Chandrasekaran, proprietor of M/s. Narayansamy (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 22.39 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

x) A calendar case bearing number 424 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. Kandhan Knitss and others (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 22.92 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

y) A calendar case bearing number 434 of 2020 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. K. Kathiravan, proprietor of M/s. Adventure Clothing Creation (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 11.90 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II.

z) A calendar case bearing number 309 of 2018 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. I of Tirpur against M/s. Sree Nivi Impex and others (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 9.14 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. I for enquiry.

aa) A calendar case bearing number 484 of 2019 was filed by our Company before the Hon'ble court of the Judicial Magistrate No. I of Coimbatore against M/s. Centaures Lifestyle Brands Private Limited and

others (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for payment of consideration for goods supplied aggregating to an amount of ₹ 9.14 lakhs. Presently the case is pending before the Hon'ble court of Judicial Magistrate No. I for enquiry.

bb) A calendar case bearing number 650 of 2019 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. I of Coimbatore against M/s. RBR Garments (P) Limited and B. Shanmugasundaram (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 5.70 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 6.74 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. I for enquiry.

cc) A calendar case bearing number 1439 of 2018 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against M/s. Jay Vishnu Textiles and others (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheque issued by the Accused for the consideration payable for goods supplied aggregating to an amount of ₹ 8.79 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II for enquiry.

dd) A calendar case bearing number 578 of 2019 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. I of Coimbatore against R.B. Krishna Pranav sole proprietor of M/s. Sastika Garments (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for an amount of ₹ 19.79 lakhs paid towards the consideration for goods supplied aggregating to an amount of ₹ 20.54 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. I for enquiry.

ee) A calendar case bearing number 1084 of 2019 was filed by our Company before the Hon'ble court of the Fast-Track Judicial Magistrate No. II of Coimbatore against D. Biju proprietor of M/s. Hindas Motors (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 read with Sections 190 and 200 of Code of Criminal Procedure, 1973 for dishonour of cheques issued by the Accused for the consideration payable for goods supplied aggregating to an amount of ₹ 8.01 lakhs. Presently the case is pending before the Hon'ble court of Fast-Track Judicial Magistrate No. II for enquiry.

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*

Nil

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*

Nil

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

Cases filed against our Subsidiaries

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 Subsidiary, Young Brand Apparel Private Limited, 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	Nil	Nil
Customs	Nil	Nil
Service Tax	01	75.08
Total	**01**	**75.08**
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 Subsidiaries by SEBI or any stock exchange in the last five Fiscals*

Nil

Cases filed by our Subsidiaries

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

5. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated January 25, 2021, our Company has Nil material creditors, as on December 31 2020.

As on December 31 2020, 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	26	1,032.86
Outstanding dues to other creditors	1,137	10,036.84
Total outstanding dues	**1,163**	**11,069.70**

For further details, refer to the section titled *"Financial Information"* on page 122 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 DECEMBER 31, 2020.

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 182 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 69 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors in its meeting dated August 13, 2020 and the Shareholders in the Annual General Meeting dated December 07, 2020 have authorised this Issue under Section 62(1) (c) of the Companies Act, 2013.

Our Board of Directors has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share in consultation with the Lead Manager, and the Rights Entitlement as [●] ([●]) Rights Equity Share for every [●] ([●]) Equity Shares held on the Record Date.

Our Company has received 'in-principle' approvals for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letters dated [●] and [●] issued by BSE and NSE, respectively for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

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 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.

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 and NSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, 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 Exchanges 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

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT LETTER OF OFFER TO THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 ("SEBI ICDR REGULATIONS"). THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED APRIL 26, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   a) **THIS DRAFT LETTER OF OFFER IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   b) **ALL THE MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   c) **THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOT APPLICABLE</u>.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO**

FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.

6. **WE CERTIFY THAT REGULATION 15 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.**

7. **WE UNDERTAKE THAT SUB-REGULATION (3) OF REGULATION 14 AND CLAUSE (C) AND (D) OF SUB-REGULATION (9) OF REGULATION 25 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.**

8. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE CREDITED/TRANSFERRED IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT, 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 90 OF THE SEBI ICDR REGULATIONS, AS AMENDED.**

9. **WE CERTIFY THAT THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE "MAIN OBJECTS" IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST 10 YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - COMPLIED TO THE EXTENT APPLICABLE.**

10. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

    a) **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY. AS ON THE DATE OF THIS DRAFT LETTER OF OFFER, OUR COMPANY HAS NOT ISSUED ANY SR EQUITY SHARES AND THERE ARE NO OUTSTANDING SR EQUITY SHARES; AND**

    b) **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

11. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS, AS AMENDED WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.**

12. **WE CONFIRM THAT THE ISSUER IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS – NOT APPLICABLE.**

13. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.- COMPLIED WITH.**

14. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.- COMPLIED WITH.**

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

Disclaimer from our Company, our Directors and the LM

Our Company, our Directors and the Lead Manager 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.bannarimills.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 and the Lead Manager 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, Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the 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, the Lead Manager 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.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE 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 and NSE 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 Exchanges.

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, in consultation with the Lead Manager, 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 and Compliance Officer, Chief Financial Officer, the Lead Manager, 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 April 26, 2021 from our Statutory Auditor, namely, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants for inclusion of their examination report dated March 19, 2021 on our Restated Consolidated Financial Information for the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018 and limited review report dated February 12, 2021 on the unaudited consolidated financial statements for the nine month period ended December 31, 2020 and December 31, 2019; 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 Tax Benefits dated April 09, 2021 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 April 26, 2021 from our Statutory Auditor, namely, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants 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 March 19, 2021 on our Restated Consolidated Financial Information for the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018; (ii) limited review report dated February 12, 2021 on the unaudited consolidated financial statements for the nine month period ended December 31, 2020 and December 31, 2019; and (iii) statement of tax benefits dated April 09, 2021 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 abovementioned documents, provided by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, 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

None of our Subsidiaries or associate companies are listed as on date of this Draft Letter of Offer.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on BSE and NSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled "*Market Price Information*" on page 204 of this Draft Letter of Offer.

Filing

A copy of this DLOF has been filed with the Securities Exchange Board of India, Southern Regional Office situated at Overseas Towers, 7th Floor, 756 – L, Anna Salai, Chennai – 600 002, Tamil Nadu, India and simultaneously through the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with SEBI circular dated January 19, 2018 bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011. This DLOF will also be filed with BSE and NSE, where the Rights Equity Shares are proposed to be listed.

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 Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

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 Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process or the optional mechanism R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process).For details on the ASBA process and R-WAP, see "*Terms of the Issue*" beginning at page 225 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
Link Intime India Private Limited
C – 101, 1st Floor, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083,
Maharashtra, India
Telephone: +91 22 4918 6200
Facsimile: +91 22 4918 6195
E-mail: bannari.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Sumeet Deshpande
Investor grievance: bannari.rights@linkintime.co.in
CIN: U67190MH1999PTC118368
SEBI Registration No: INR000004058

Investors may contact the Company Secretary and 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.

Nachimuthugounder Krishnaraj, Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder:

252, Mettupalayam Road,
Coimbatore - 641 043,
Tamil Nadu, India.
Telephone: +91 422 243 5555
E-mail: krishnaraj@bannarimills.com

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, before submitting an Application Form. Our Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA process or, R-WAP, as the case may be, are advised to make their independent investigations and to ensure that the Application Form and the Rights Entitlement Letter is correctly filled up.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 ("SEBI – Rights Issue Circular"), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. However, in view of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, relaxation from the strict enforcement of the SEBI – Rights Issue Circular has been provided by SEBI, vide its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021. As per the said circulars, all eligible shareholders shall be able to apply to this Issue through an optional mechanism (non- cash mode only), in this case being R-WAP in addition to the ASBA facility.

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, 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, 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

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the Allotment Advice.

Important:

1) *Dispatch and availability of Issue materials:*

In accordance with the SEBI ICDR Regulations, SEBI circulars SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and the MCA Circular, our Company will send the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material, through email to the email addresses and physical delivery through speed post to all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, only 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. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

a) Our Company at www.bannarimills.com
b) the Registrar to the Issue at www.linkintime.co.in

c) the Lead Manager at www.saffronadvisor.com
d) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
e) the Registrar's web-based application platform at www.linkintime.co.in ("**R-WAP**")

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.bannarimills.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form. Resident Eligible Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.

2) Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 (Collectively hereafter referred to as "**SEBI Rights Issue Circulars**") and SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (Collectively hereafter referred to as "**ASBA Circulars**"), all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, however such Investors can apply through R-WAP, if they have provided an Indian address to our Company or to the Registrar or they are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see "*Procedure for Application through the ASBA Process*" and "*Procedure for Application through R-WAP*" on pages 235 and 235 respectively.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk on the website of the Registrar to the Issue at (www.linkintime.co.in) or call helpline number (+91 (22) 4918 6200). For details, see "*Procedure for Application through R-WAP*" on page 235.

Registrar's Web-based Application Platform (R-WAP): In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE "*RISK FACTOR NUMBER 61- THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE*

***EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS*" ON PAGE 46.**

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in) or call helpline number (+91 (22) 4918 6200). For details, see "*Procedure for Application through the R-WAP*" on page 235.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

3) *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:*

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue 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 Resident Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "[●]") opened by our Company, for the Resident 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 Resident Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. [●], [●] are requested to provide relevant details (such as copies of self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares) not later than two Working Days prior to the Issue Closing Date i.e. [●], [●] in order to be eligible to apply for this Issue. Such Resident Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

In accordance with the SEBI Rights Issue Circulars, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. [●], [●], 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.

4) Application by Resident 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 Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*" on page 242.

5) Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made

as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "*Basis of Allotment*" beginning on page 250.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

6) Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renouncee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled "*Procedure for Application through the ASBA process*" and "*Procedure for Application through R-WAP*" on pages 235 and 235 of this Draft Letter Of Offer.

7) Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in
b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: www.linkintime.co.in
c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: www.linkintime.co.in

Renouncees

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to the Issue shall, unless otherwise specified, apply to the Renouncee(s) as well.

Authority for the Issue

The Board of Directors in its meeting dated August 13, 2020 and the Shareholders in the Annual General Meeting dated December 07, 2020 have authorised this Issue under Section 62(1) (c) of the Companies Act, 2013.

The Board of Directors in their meeting held on [●] have determined the Issue Price at ₹ [●] per Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letters dated [●] and [●], respectively.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

Rights Entitlement ("REs") (Rights Equity Shares)

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], are entitled to the number of Rights Equity

Shares as set out in the Application Form.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (www.bannarimills.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If the 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, 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. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form to the email addresses as well as to the physical addresses of Eligible Equity Shareholders who have provided an Indian address 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.

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. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchanges' websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights 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 will be filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights 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 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 in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or 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 Rights 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. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 05.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) in the Issue. The Issue Price has been arrived at by our Company in consultation with the Lead Manager prior to the determination of the Record Date.

The Rights Equity Shares issued in this Issue will be fully paid-up. The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations.

The Board, at its meeting held on [●], has determined the Issue Price, in consultation with the Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date.

Rights of instrument holder

Each Rights Equity Share shall rank pari passu with the existing Equity Shares of the Company.

Terms of Payment

The entire amount of the Issue Price of ₹ [●] per Rights Equity Share shall be payable at the time of Application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. For Rights 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 Share(s) or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Shareholder will be entitled to [●] Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if the Shareholder has applied for additional Rights Equity Shares.

Also, those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 1 (One) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **Application Forms with zero entitlement will be non-negotiable/non-renounceable**.

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the basis of allotment approved by the designated stock exchange, the separate ISIN no. [●] for REs so obtained will be permanently deactivated from the depository system.

The existing Equity Shares of our Company are listed and traded under the ISIN: INE186H01022 on BSE (Scrip Code: 532674) and on NSE (Symbol: BASMIL). 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 Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE subject to necessary approvals. Our Company has received in-principle approval from BSE and NSE through letter no. [●] dated [●] and [●] dated [●], respectively. All steps for completion of necessary formalities for listing and commencement of trading in the equity shares will be taken within 7 working days from the finalisation of the Basis of Allotment. Our Company will apply to BSE and NSE 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.

Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading under the existing ISIN as fully paid-up Equity Shares of our Company. The temporary ISIN shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange.

The Rights Equity Shares allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within the specified time.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE and NSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

For details of trading and listing of Rights Equity Shares, please refer to the heading "*Terms of Payment*" at page 230 of this Draft Letter of Offer.

Subscription to the Issue by our Promoters and Promoter Group

For details of the intent and extent of the subscription by our Promoters and Promoter Group, see "*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue* " on page 63.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of holders of Equity Shares

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;

- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association

General terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold such Equity Share as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. Application Forms would be required to be signed by all the joint holders to be considered valid.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

Since the Allotment of Rights Equity Shares is in dematerialized form only, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in the Issue. Nominations registered with respective Depository Participant of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective Depository Participant.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialized form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, through email and speed post, 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 is permitted under laws of such jurisdictions. 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.

Further, our Company along with the Lead Manager will undertake all adequate steps to dispatch the physical copies of the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

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 (1) Tamil language daily newspaper with wide circulation at the place where our Registered Office is situated.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India. The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or the optional mechanism. Kindly note that the R-WAP mechanism is available only for resident Investors. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, however such Investors can apply through R-WAP, if they have provided an Indian address to our Company or to the Registrar or they are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Further, the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date can apply for this Issue through ASBA facility or R-WAP. For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see "*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*" on page 242.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, the Lead Manager, and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address 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.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email and speed post at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address 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.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible

Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

a) Our Company at www.bannarimills.com
b) the Registrar to the Issue at www.linkintime.co.in
c) the Lead Manager at www.saffronadvisor.com
d) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
e) the Registrar's web-based application platform at www.linkintime.co.in("**R-WAP**")

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.bannarimills.com). The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. Further, in accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date can apply through this Issue by first furnishing the details of their demat account along with their self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares at least two Working Days prior to the Issue Closing Date i.e. [●], [●], after which they can apply through ASBA facility or R-WAP.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on RWAP platform available at www.linkintime.co.in and make online payment using the internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP which is available only for resident Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see "*Grounds for Technical Rejection*" on page 247. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "*Application on Plain Paper under ASBA process*" on page 239.

Options available to the Eligible Equity Shareholders

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at www.linkintime.co.in and link of the same would also be available on the website of our Company at (www.bannarimills.com). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. [●], [●], desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period through ASBA mode or R-WAP. Such resident Eligible Equity Shareholders must check the procedure for Application in "*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*" on page 242.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Procedure for Application through R-WAP:

In accordance with the SEBI Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP. Resident Investors, making an Application through R-WAP, shall make online payment using

internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

Set out below is the procedure followed using the R-WAP:

1. Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Circulars.

2. Resident Investors should visit R-WAP (accessible at www.linkintime.co.in) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.

3. Non-resident Investors are not eligible to apply in this Issue through R-WAP.

4. Investors should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Equity Shares applied for.

5. Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Equity Shares applied for in the Issue.

6. The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.

7. Verification, if any, in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

8. The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account "[●]-COLLECTION ACCOUNT" opened by our Company with the Escrow Collection Bank(s).

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in.) or call helpline number (+91 (22) 4918 6200).

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGER SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE "*RISK FACTOR NUMBER 61- THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS*" ON PAGE 46.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in

their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP, the optional mechanism devised by the Lead Manager and the Registrar and make online payment using their internet banking or UPI facility from their own bank account thereat. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility, will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "*Application on Plain Paper under ASBA process*" on page 239.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled "*Terms of the Issue*" on page 225. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "*Basis of Allotment*" on page 250.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("OCBs"), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., [●] to [●] (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE 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 Exchanges and the SEBI.

(b) ***Off Market Renunciation***

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

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.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who has neither received the Application Form nor is in a position to obtain the Application Form either from our Company, Registrar to the Issue, Manager to the Issuer or from the website of the Registrar, can make an Application to subscribe to the Issue on plain paper through ASBA process. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "***Bannari Amman Spinning Mills Limited – Rights Issue***" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

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. may make an Application to subscribe to the Issue on plain paper, along with an account payee cheque or demand draft drawn at par, net of bank and postal charges, payable at Mumbai and the Investor should send such plain paper Application by registered post directly to the Registrar to the Issue. For details of the mode of payment, see "*Modes of Payment*" on page 240.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being Bannari Amman Spinning Mills Limited;
- 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);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR 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;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- 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);
- Additionally, all such Applicants are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended ("**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof ("**United States**") or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act ("**Regulation S**"). I/ we understand the Rights*

Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application 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 said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

"*I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation 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 investors 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 offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at . Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Last date for Application

The last date for submission of the duly filled in Application Form is [●]. 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 provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the Application together with the amount payable is either (i) not blocked with an SCSB; or (ii) not received by the Bankers to the Issue or the Registrar on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under "*Terms of the Issue - Basis of Allotment*" on page 250.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility.

In case of Application through ASBA facility, the Investor agrees to block the entire amount 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 Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the 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.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through RWAP. For details of mode of payment in case of Application through R-WAP, see "- *Procedure for Application through the R-WAP*" on page 235.

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through the R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility.

Mode of payment for Non-Resident Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident 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 time to 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 Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at bannari.rights@linkintime.co.in.

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

  Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, 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.

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non- Resident Ordinary ("**NRO**") accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. 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. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

Procedure for application by Resident 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 Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail 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 e-mail, 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;

2. 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;

3. The remaining procedure for Application shall be same as set out in "*Application on Plain Paper under ASBA process*" beginning on page 239.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES

IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE "ALLOTMENT ADVICES/ REFUND ORDERS" ON PAGE 251.

General instructions for Investors

(a) Please read this Draft Letter of Offer, Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.

(b) In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to 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.

(c) Please read the instructions on the Application Form sent to you.

(d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.

(e) Application should be made only through the ASBA facility or using R-WAP.

(f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.

(g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "*Application on Plain Paper under ASBA process*" on page 239.

(h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP.

(i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

(j) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.

(k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by

the Stock Exchange.

(l) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar and the Lead Manager.

(m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

(o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the optional facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(s) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

(t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

(u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

(v) In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be

opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager

Additional general instructions for Investors in relation to making of an Application

(a) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(b) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

(c) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

(d) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(e) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(f) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(g) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(h) Do not pay the Application Money in cash, by money order, pay order or postal order.

(i) Do not submit multiple Applications.

(j) No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

(k) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

Do's:

(a) Ensure that the Application Form and necessary details are filled in.

(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.

(d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(d) Do not pay the Application Money in cash, by money order, pay order or postal order.

(e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same

sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don’ts for Investors applying through ASBA:

a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), 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.

Do’s for Investors applying through R-WAP:

a. Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.

b. Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in the bank account through which payment is made using the R-WAP.

c. Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.

d. Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.

e. Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.

f. Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don’ts for Investors applying through R-WAP:

(a) Do not apply from bank account of third parties.

(b) Do not apply if you are a non-resident Investor.

(c) Do not apply from non-resident account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (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.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

(s) Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

(i) Applications by non-resident Investors.

(ii) Payment from third party bank accounts.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY

THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms s are liable to be rejected.

Multiple Applications

A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see "*Investment by Mutual Funds*" below on page 255.

In cases where multiple Applications are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected (other than multiple applications submitted by any of the Promoters or members of the Promoter Group as described in *Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue* " on page 63.).

Underwriting

The Issue is not underwritten.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to [●] in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue schedule

Issue Opening Date	[●]
Last date for receiving requests for Application Form and Rights Entitlement Letter	[●]
Issue Closing Date	[●]
Finalising the basis of allotment with the Designated Stock Exchanges	[●]
Date of Allotment (on or about)	[●]
Initiation of refunds	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

**Our Board may, however, decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).*

***Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in its/their favor, in full or in part, as adjusted for fractional entitlement.

(b) As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored, therefore those Equity Shareholders holding less than [●] ([●]) Equity Shares would be entitled to 'Zero' Rights Equity Shares under this Issue, Application Form with 'Zero' entitlement will be send to such shareholders. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the allotment of 1 (One) Rights Equity Share if, such Equity Shareholders have applied for the Additional Rights Equity Shares, subject to availability of Rights Equity shares post allocation towards Rights Entitlement applied for. Allotment under this head shall be considered if there are any un-subscribed Equity Shares after Allotment under (a) above. If the number of Rights Equity Shares required for Allotment under this head is more than number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

(c) Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlement and have also applied for Additional Rights Equity Shares shall be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are unsubscribed Rights Equity Shares after making full Allotment under (a) and (b) 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 the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and also have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares shall be made on a proportionate basis as part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that our Board may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

(f) After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the

Designated Branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

(a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Application;

(b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

(c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Allotment Advices/Refund Orders

Our Company will issue and dispatch Allotment advice, refund instructions (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 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 R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

In case of Applications through the R-WAP, refunds, if any, will be made to the registered bank account details in demat account. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("**RTGS**").

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form was available only for a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., until May 10, 2019.

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor's address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

Payment of Refund

Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, 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 ("NACH") – NACH 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 centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the Depositories), except where the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.

3. National Electronic Fund Transfer ("NEFT") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, such MICR number and the bank account number 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 such refund would be borne by our Company.

5. RTGS – If the refund amount exceeds ₹ 200,000, 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 such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund 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. 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 under the banking laws, which are in force, and is permitted by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

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.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Demat Credit

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending 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.

Option to receive Right Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (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 RESIDENT ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT 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 EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company*). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

- The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders whose Equity Shares are with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.

- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository

Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue for further details, please refer to "*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 242.

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Issue are advised to use the ASBA Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, only Category I FPIs, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any 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 eligible to be registered as Category I FPIs; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI may transfer offshore derivative instruments to persons compliant with the requirements of Regulation 21(1) of the SEBI FPI Regulations and subject to receipt of consent, except where pre-approval is provided.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("**SEBI VCF Regulations**") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("**SEBI FVCI Regulations**") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of

AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs.

Investment by NRIs

Investments by NRIs are governed by Rule 12 of FEMA Rules. Applications will not be accepted from NRIs in Restricted Jurisdictions.

NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO ccounts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per Rule 12 of the FEMA Rules read with Schedule III of the FEMA Rules, an NRI or OCI may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Investment by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(ii) 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

(iii) 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, 2013 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 which shall not be less than six months extending up to ten 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. Where such fraud (i) involves 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 imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

Dematerialised Dealing

Our Company has entered into tripartite agreements dated October 06, 2005 and March 15, 2021 with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN: INE186H01022.

Disposal of Applications and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application. Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the registered bank account, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be unblocked in the respective ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date and refunded in the respective bank accounts from which Application Money was received on or before T+1 day (T being the date of finalisation of Basis of Allotment), in case of applications made through R-WAP facility. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment). 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.

Utilization of Issue Proceeds

Our Board of Directors declares that:

(a) All monies received out of the Issue shall be transferred to a separate bank account;

(b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until 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;

(c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

(d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

(i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

(ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.

(iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

(iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

(v) Other than any Equity Shares that may be issued pursuant to exercise options under the ESOP 2016 and ESOP 2018, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.

(vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

(vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.

(viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.

(ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.

(x) Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

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.

Filing

A copy of this DLOF has been filed with the Securities Exchange Board of India, Southern Regional Office situated at Overseas Towers, 7th Floor, 756 – L, Anna Salai, Chennai – 600 002, Tamil Nadu, India and

simultaneously through the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with SEBI circular dated January 19, 2018 bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011. This DLOF will also be filed with BSE and NSE, where the Rights Equity Shares are proposed to be listed.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue anytime after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchanges where the Equity Shares may be proposed to be listed.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in "*Risk Factors*" on page 24.

All enquiries in connection with this Draft Letter of Offer, the Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP 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 "***Bannari Amman Spinning Mills Limited – Rights Issue***" on the envelope to the Registrar at the following address:

Link Intime India Private Limited
C – 101, 1st Floor, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083,
Maharashtra, India
Telephone: +91 22 4918 6200
Facsimile: +91 22 4918 6195
E-mail: bannari.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Sumeet Deshpande
Investor grievance: bannari.rights@linkintime.co.in
CIN: U67190MH1999PTC118368
SEBI Registration No: INR000004058

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar www.linkintime.co.in . Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 (22) 4918 6200.

The Issue will remain open for a minimum period of 15 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 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 and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (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.bannarimills.com from the date of this Draft Letter of Offer until the Issue Closing Date.

1. Material Contracts for the Issue

(i) Issue Agreement dated March 11, 2021 entered into between our Company and the Lead Manager.

(ii) Registrar Agreement dated March 11, 2021 entered into amongst our Company and the Registrar to the Issue.

(iii) Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

2. Material Documents

(i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.

(ii) Annual Reports of the Company for the past five years.

(iii) Certificate of incorporation dated July 10, 1989.

(iv) Certificate of commencement of business dated September 14, 1989.

(v) Prospectus dated October 04, 2005 filed with SEBI, Stock Exchanges, RoC and other regulatory authorities during the initial public offering of our Company.

(vi) Fresh certificate of incorporation dated October 11, 1991 consequent upon change of name of our Company to '*Bannari Amman Spinning Mills Limited*'.

(vii) Resolution of the Board of Directors and Shareholders dated August 13, 2020 and December 07, 2020, respectively in relation to the Issue.

(viii) Resolution of the Board of Directors dated April 26, 2021 approving and adopting this Draft Letter of Offer.

(ix) Resolution of the Board of Directors dated [●] approving and adopting the Letter of Offer.

(x) Resolution of our Board dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.

(xi) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Lead manager, Bankers to the Issue, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Draft Letter of Offer in their respective capacities.

(xii) The examination reports dated March 19, 2021 of the Statutory Auditor, on our Company's Restated Financial Statements, included in this Draft Letter of Offer.

(xiii) The limited review report dated February 12, 2021of the Statutory Auditor on the unaudited consolidated financial statements for the nine months period ended December 31, 2020 and December 31, 2019 included in this Draft Letter of Offer.

(xiv) Statement of Tax Benefits dated April 09, 2021 from the Statutory Auditor included in this Draft Letter of Offer.

(xv) Tripartite Agreement dated October 06, 2005 between our Company, NSDL and the Registrar to the Issue.

(xvi) Tripartite Agreement dated March 15, 2021 between our Company, CSDL and the Registrar to the Issue.

(xvii) Due Diligence Certificate dated April 26, 2021 addressed to SEBI from the Lead Manager.

(xviii) In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.

(xix) SEBI observation letter number [●] dated [●].

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

Sangampalayam Vedanayagam Arumugam
(Chairman and Managing Director)

Sennimalai Gounder Palaniswami
(Independent Director)

Kodumudi Narayanaswami Venkata Ramani
(Independent Director)

Dr. Kugalur Ramasamy Thillainathan
(Independent Director)

Kulandai Samy Gounder Sadhasivam
(Independent Director)

Shanmugavelayutham Sihamani
(Independent Director)

SIGNED BY OUR CHIEF FINANCIAL OFFICER

Srinivasan Seshadri

Place: Coimbatore, Tamil Nadu

Date: April 26, 2021